

SEWARD COUNTY, KANSAS

AUDIT REPORT

For the year ended December 31, 2012

SEWARD COUNTY, KANSAS

FINANCIAL STATEMENTS

For the year ended December 31, 2012

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FINANCIAL STATEMENTS

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SEWARD COUNTY, KANSAS

FINANCIAL SECTION

## INDEPENDENT AUDITOR'S REPORT

To the Seward County Commissioners  
Liberal, Kansas 67901

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Seward County, Kansas, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of Southwest Medical Center (a discretely presented component unit), which represents 100% of the assets and revenues of the component unit columns. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Southwest Medical Center (a discretely presented component unit), is based on the report of the other auditors.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with the *Kansas Municipal Audit and Accounting Guide* and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

To the Seward County Commissioners  
Liberal, Kansas 67901

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preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

### **Opinions**

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Seward County, Kansas, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 57 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Seward County Commissioners  
Liberal, Kansas 67901

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*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Seward County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Hay•Rice & Associates, Chartered

September 18, 2013

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Seward County, we offer readers of Seward County's financial statements this overview and analysis of the financial activities of Seward County for the fiscal year ended December 31, 2012. Please read this report in conjunction with the County's financial statements, which begin on page 1.

### FINANCIAL HIGHLIGHTS

- The assets of Seward County exceeded its liabilities at the close of 2012 by \$27,171,546 (net position). Of this amount, \$9,203,477 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Seward County's basic financial statements. These financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Seward County's finances, in a manner similar to private-sector business, and can be found on pages 1 – 5 of this report.

The statement of net position presents information on all of Seward County's assets (what the citizens own) and liabilities (what the citizens owe), with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Seward County is improving or deteriorating. Other nonfinancial factors should also be considered, such as changes in the County's property tax base, and the condition of the County's capital assets (highways, roads, bridges and buildings) to assess the overall health of the County.

The statement of activities presents information showing how Seward County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of Seward County that are supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Seward County include general government, public safety, natural resources, educational, health and sanitation, social services, culture and recreation, transportation and debt service. The business-type activity of Seward County is the landfill.



The government-wide financial statements include not only Seward County itself but also a legally separate hospital, combined under one column heading of “Component Units.” This entity has a Board appointed by the Seward County Commission. The Commission must also approve bond issuances by the entity. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. Complete financial statements may be obtained at the Administrative Office for the Southwest Medical Center at 315 W. 15<sup>th</sup> in Liberal, Kansas.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Seward County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Seward County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Our analysis of the County’s major funds begins on page 6. Kansas State law requires certain funds at a minimum. The Seward County Commission has established other funds to help it control and manage money for particular purposes (Ex. Planning & Zoning Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (Ex. County Sales Tax Funds). The County’s two kinds of funds, governmental and proprietary, use different accounting approaches.

### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County’s general government operations and the basic services it provides. Governmental fund information helps to determine the amount of financial resources that are currently available in the near future to finance the County’s programs.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This presentation should allow the readers to better understand the long-term impact of the government’s current financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between the governmental funds and the governmental activities reporting.

Seward County maintains 14 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, which is considered its major fund. Data from the other 13 governmental funds are combined into a single, aggregate presentation.

Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report on pages 62 – 65.

The basic governmental fund financial statements can be found on pages 6 – 11 of this report.

### Proprietary Funds

Proprietary funds provide the same type of information as business-type activities in the government-wide financial statements, only in more detail. Seward County uses an enterprise fund to account for charging customers for the full cost of the services it provides at the landfill, which is considered to be a major fund.

The basic proprietary fund financial statements can be found on pages 12 – 14 of this report.

### Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because those funds resources are not available to support Seward County's programs. The accounting for the fiduciary funds is similar to that used for the proprietary funds.

The basic fiduciary fund financial statements can be found on page 15 – 16 of this report.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and governmental fund financial statements. The notes to the financial statements can be found on pages 20 – 55 of this report.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Seward County's compliance with its annually appropriated budget for the general fund. This required supplementary information can be found on pages 56 – 60 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. The combined and the individual fund statements and schedules can be found on pages 61 – 74 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As previously referenced in this analysis, the net position may serve as an indicator of the government's financial position. In Seward County, assets exceeded liabilities by \$27,171,546 at the close of 2012.

The largest portion of Seward County's net position, or 57%, reflects its investment in capital assets such as land, highways, roads, bridges, buildings, machinery, and equipment, less any debt used to acquire these assets that is still outstanding. Seward County uses these capital assets to provide

services to citizens. It is important to note that these assets are not available for future spending. Although Seward County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets alone cannot be used to liquidate these liabilities.

Seward County's Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
Current and other assets	\$18,219,330	\$19,703,927	\$ 3,721,378	\$ 4,585,359	\$21,940,708	\$24,289,286
Capital assets	<u>16,625,409</u>	<u>15,500,643</u>	<u>3,442,362</u>	<u>3,152,967</u>	<u>20,067,771</u>	<u>18,653,610</u>
Total Assets	<u>\$34,844,739</u>	<u>\$35,204,570</u>	<u>\$ 7,163,740</u>	<u>\$ 7,738,326</u>	<u>\$42,008,479</u>	<u>\$42,942,896</u>
Long-term liabilities	\$ 560,694	\$ 579,898	\$ 2,786,127	\$ 2,963,104	\$ 3,346,821	\$ 3,543,002
Other liabilities	<u>11,697,615</u>	<u>11,700,178</u>	<u>480,053</u>	<u>528,170</u>	<u>12,177,668</u>	<u>12,228,348</u>
Total Liabilities	<u>\$12,258,309</u>	<u>\$12,280,076</u>	<u>\$ 3,266,180</u>	<u>\$ 3,491,274</u>	<u>\$15,524,489</u>	<u>\$15,771,350</u>
Net Position:						
Net investment in capital assets	\$16,625,409	\$15,500,643	\$ 353,333	\$ 13,620	\$16,978,742	\$15,514,263
Restricted	494,170	460,640	1,795,128	1,993,166	2,289,298	2,453,806
Unrestricted	<u>5,466,851</u>	<u>6,963,211</u>	<u>1,749,099</u>	<u>2,240,266</u>	<u>7,215,950</u>	<u>9,203,477</u>
Total Net Position	<u>\$22,586,430</u>	<u>\$22,924,494</u>	<u>\$ 3,897,560</u>	<u>\$ 4,247,052</u>	<u>\$26,483,990</u>	<u>\$27,171,546</u>

Governmental activities increased Seward County's net position by \$338,064 and business-type activities increased Seward County's net position by \$349,492 as a result of the key elements, as follows:

Seward County's Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
<u>Revenues</u>						
Program Revenues:						
Charges for services	\$ 1,278,868	\$ 1,309,896	\$ 4,223,626	\$ 5,984,048	\$ 5,502,494	\$ 7,293,944
Operating grants and contributions	569,056	756,563	-	-	569,056	756,563
General Revenues:						
Property taxes	9,630,004	10,065,029	-	-	9,630,004	10,065,029
Other taxes	4,102,001	4,451,447	-	-	4,102,001	4,451,447
Other	<u>374,464</u>	<u>371,912</u>	<u>23,036</u>	<u>7,234</u>	<u>397,500</u>	<u>379,146</u>
Total Revenues	<u>\$15,954,393</u>	<u>\$16,954,847</u>	<u>\$ 4,246,662</u>	<u>\$ 5,991,282</u>	<u>\$20,201,055</u>	<u>\$22,946,129</u>
<u>Expenses</u>						
General Government	\$ 6,624,650	\$ 7,116,928	\$ -	\$ -	\$ 6,624,650	\$ 7,116,928
Public Safety	3,859,771	3,420,627	-	-	3,859,771	3,420,627
Transportation	2,679,386	2,734,186	-	-	2,679,386	2,734,186
Natural Resources	320,902	326,785	-	-	320,902	326,785
Health and Sanitation	1,937,541	1,970,991	-	-	1,937,541	1,970,991
Social Services	340,506	337,006	-	-	340,506	337,006
Culture and Recreation	639,790	710,260	-	-	639,790	710,260
Landfill	-	-	3,552,308	5,595,871	3,552,308	5,595,871
Interest expense	-	-	<u>29,189</u>	<u>45,919</u>	<u>29,189</u>	<u>45,919</u>
Total Expenses	<u>\$16,402,546</u>	<u>\$16,616,783</u>	<u>\$ 3,581,497</u>	<u>\$ 5,641,790</u>	<u>\$19,984,043</u>	<u>\$22,258,573</u>

Increase (Decrease) in Net Position	\$ (448,153)	\$ 338,064	\$ 665,165	\$ 349,492	\$ 217,012	\$ 687,556
Net Position, January 1	<u>23,034,583</u>	<u>22,586,430</u>	<u>3,232,395</u>	<u>3,897,560</u>	<u>26,266,978</u>	<u>26,483,990</u>
Net Position, December 31	<u>\$22,586,430</u>	<u>\$22,924,494</u>	<u>\$ 3,897,560</u>	<u>\$ 4,247,052</u>	<u>\$26,483,990</u>	<u>\$27,171,546</u>

The Statement of Activities format is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance, as expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. This format highlights the relative financial burden of each of the functions on the County's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, Seward County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

The focus of Seward County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Seward County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources for spending at the end of the fiscal year.

As of the end of the current fiscal year, Seward County's governmental funds reported combined ending fund balances of \$8,003,749, or increase of \$1,482,034 from the preceding year.

Approximately \$7,543,109 is available for spending at the government's discretion.

### Proprietary Funds

Seward County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the proprietary fund is \$2,240,266.

## GENERAL FUND BUDGETARY HIGHLIGHTS

During 2012, the County Commission did not amend the general fund budget. The general fund revenue was over the total budgeted amount by \$174,411 and the general fund expenditures were under the budgeted amount by \$1,291,925, which gives an overall favorable amount of \$1,466,336.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of the fiscal year ended December 31, 2012, the County had \$92,213,136 invested in capital assets including equipment, buildings, roads and landfill. (See Table below.)

	Seward County's Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
Land	\$ 591,693	\$ 591,693	\$ 91,844	\$ 91,844	\$ 683,537	\$ 683,537
Buildings	15,231,562	15,231,562	631,742	631,742	15,863,304	15,863,304
Improvements	-	-	3,648,792	3,648,792	3,648,792	3,648,792
Equipment	14,722,684	15,544,013	7,253,757	7,646,682	21,976,441	23,190,695
Highways and roads	<u>48,826,808</u>	<u>48,826,808</u>	-	-	<u>48,826,808</u>	<u>48,826,808</u>
Subtotal - Undepreciated cost	\$ 79,372,747	\$ 80,194,076	\$11,626,135	\$12,019,060	\$ 90,998,882	\$ 92,213,136
Accumulated depreciation and amortization	<u>(62,747,338)</u>	<u>(64,693,433)</u>	<u>(8,183,773)</u>	<u>(8,866,093)</u>	<u>(70,931,111)</u>	<u>(73,559,526)</u>
Total	<u>\$ 16,625,409</u>	<u>\$ 15,500,643</u>	<u>\$ 3,442,362</u>	<u>\$ 3,152,967</u>	<u>\$ 20,067,771</u>	<u>\$ 18,653,610</u>

Additional information on Seward County's capital assets can be found in Note 2C on pages 42 – 46 of this report.

### Long-Term Debt

At the end of 2012, Seward County had contracts and capital lease payable of \$2,864,173. Additional long-term debt information can be found in Note 2C on pages 48 – 52 of this report.

	Seward County's Long-Term Debt					
	Governmental Activities		Business-Type Activities		Total	
	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
Contracts	-	-	\$2,054,124	\$2,279,169	\$2,054,124	\$2,279,169
Capital leases & temporary notes	-	-	<u>630,178</u>	<u>585,004</u>	<u>630,178</u>	<u>585,004</u>
Total	<u>-</u>	<u>-</u>	<u>\$2,684,302</u>	<u>\$2,864,173</u>	<u>\$2,684,302</u>	<u>\$2,864,173</u>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Seward County lowered its 2013 budgeted mill levy for 2012 property taxes by 0.014 mills and decreased property taxes by \$174,451.

## CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional information, contact the County Administrator's office, Seward County, 515 North Washington, Liberal, Kansas 67901.

SEWARD COUNTY, KANSAS

BASIC FINANCIAL STATEMENTS

December 31, 2012

## SEWARD COUNTY, KANSAS

STATEMENT OF NET POSITION

December 31, 2012

	Primary Government			
	Governmental	Business-Type		Component
	Activities	Activities	Total	Units
ASSETS				
Current Assets				
Cash, including time deposits	\$ 8,229,746	\$ 1,905,573	\$ 10,135,319	\$ 1,402,395
Taxes receivable	11,013,541	-	11,013,541	-
Accounts receivable (net)	412,739	686,620	1,099,359	6,491,131
Inventory	35,688	-	35,688	1,286,607
Assets limited as to use	-	-	-	583,274
Estimated third-party settlements	-	-	-	479,565
Other receivables	-	-	-	454,292
Prepaid expenses	-	-	-	1,231,296
Total current assets	\$ 19,691,714	\$ 2,592,193	\$ 22,283,907	\$ 11,928,560
Noncurrent Assets				
Restricted Assets:				
Cash, including time deposits	\$ 12,213	\$ 1,993,166	\$ 2,005,379	\$ -
Notes receivable	-	-	-	-
Internally designated	-	-	-	10,240,614
Under indenture agreements-held by trustee	-	-	-	3,289,044
By contributors and grantors for capital acquisitions	-	-	-	434,843
Less – Amounts required to meet current obligations	-	-	-	(583,274)
Total restricted assets	\$ 12,213	\$ 1,993,166	\$ 2,005,379	\$ 13,381,227
Other Assets:				
Deferred financing costs, less accumulated amortization of \$47,687	-	-	-	\$ 305,935
Capital Assets:				
Land	\$ 591,693	\$ 91,844	\$ 683,537	\$ 104,046
Buildings	15,231,562	631,742	15,863,304	2,165,744
Improvements other than buildings	-	3,648,792	3,648,792	41,623,326
Machinery, equipment, furniture and fixtures	15,544,013	7,646,682	23,190,695	32,978,823
Highways	48,826,808	-	48,826,808	-
Construction in progress	-	-	-	2,668,146
Less – Accumulated depreciation	(64,693,433)	(5,905,792)	(70,599,225)	(48,945,372)
Accumulated amortization	-	(2,960,301)	(2,960,301)	-
Total noncurrent assets	\$ 15,500,643	\$ 3,152,967	\$ 18,653,610	\$ 30,594,713
Total Assets	\$ 35,204,570	\$ 7,738,326	\$ 42,942,896	\$ 56,210,435

The notes to the financial statements are an integral part of this statement.

## SEWARD COUNTY, KANSAS

Statement 1

STATEMENT OF NET POSITION

December 31, 2012

	Primary Government			
	Governmental	Business-Type		Component
	Activities	Activities	Total	Units
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 426,438	\$ 252,996	\$ 679,434	\$ 1,900,206
Construction costs payable	-	-	-	182,824
Accrued interest payable	-	-	-	302,616
Other accrued liabilities	-	-	-	229,201
Accrued wages and benefits	260,199	-	260,199	863,545
Accrued compensated absences	-	-	-	647,787
Estimated third-party payor settlements	-	-	-	194,042
Capital lease obligations – Current	-	275,174	275,174	-
Current maturities of long-term debt	-	-	-	180,000
Deferred revenue	11,013,541	-	11,013,541	-
Total current liabilities	\$11,700,178	\$ 528,170	\$12,228,348	\$ 4,500,221
Noncurrent Liabilities				
Contracts payable	\$ -	\$2,279,169	\$ 2,279,169	\$ -
Accrued compensated absences	579,898	98,931	678,829	-
Long-term debt	-	-	-	16,705,379
Lease payable	-	585,004	585,004	-
Total noncurrent liabilities	\$ 579,898	\$2,963,104	\$ 3,543,002	\$16,705,379
Total Liabilities	\$12,280,076	\$3,491,274	\$15,771,350	\$21,205,600
NET POSITION				
Net investment in capital assets	\$15,500,643	\$ 13,620	\$15,514,263	\$14,738,743
Restricted for:				
Debt service	-	-	-	1,544,425
Expendable for Capital acquisitions	-	-	-	1,273,164
Other purposes	460,640	1,993,166	2,453,806	-
Unrestricted	6,963,211	2,240,266	9,203,477	17,448,503
Total Net Position	\$22,924,494	\$4,247,052	\$27,171,546	\$35,004,835

The notes to the financial statements are an integral part of this statement.



## SEWARD COUNTY, KANSAS

Statement 2

STATEMENT OF ACTIVITIES  
For the year ended December 31, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and			Component Units
		Charges for Services & Other	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government:								
County Administration	\$ 81,992	\$ -	-	-	\$ (81,992)	-	\$ (81,992)	-
County Commissioners	95,541	-	-	-	(95,541)	-	(95,541)	-
County Counselor	50,979	-	-	-	(50,979)	-	(50,979)	-
County Clerk	165,374	4,300	-	-	(161,074)	-	(161,074)	-
County Treasurer	223,225	307,731	-	-	84,506	-	84,506	-
County Attorney	776,727	-	-	-	(776,727)	-	(776,727)	-
Planning Board	93,186	16,163	-	-	(77,023)	-	(77,023)	-
Register of Deeds	104,735	189,969	-	-	85,234	-	85,234	-
Clerk of District Court	375,019	-	-	-	(375,019)	-	(375,019)	-
Courthouse General	1,498,622	-	-	-	(1,498,622)	-	(1,498,622)	-
Election	70,737	-	-	-	(70,737)	-	(70,737)	-
Employees' Benefits	2,708,517	-	-	-	(2,708,517)	-	(2,708,517)	-
County Appraiser	284,545	1,575	-	-	(282,970)	-	(282,970)	-
Human Resources	102,982	-	-	-	(102,982)	-	(102,982)	-
Information Technology	293,795	-	-	-	(293,795)	-	(293,795)	-
GIS	55,671	-	-	-	(55,671)	-	(55,671)	-
Reserve for claims	125,024	-	-	-	(125,024)	-	(125,024)	-
Total general government	<u>\$ 7,106,671</u>	<u>\$ 519,738</u>	<u>-</u>	<u>-</u>	<u>\$ (6,586,933)</u>	<u>-</u>	<u>\$ (6,586,933)</u>	<u>-</u>
Public Safety:								
Sheriff	\$ 1,049,340	\$ 58,178	\$ -	-	\$ (991,162)	-	\$ (991,162)	-
Civil Defense	84,724	-	57,374	-	(27,350)	-	(27,350)	-
Emergency Preparedness	129,396	-	-	-	(129,396)	-	(129,396)	-
Jail	1,335,003	83,440	-	-	(1,251,563)	-	(1,251,563)	-
Communications	236,300	85,122	252,083	-	100,905	-	100,905	-
Rural Fire	359,108	-	-	-	(359,108)	-	(359,108)	-
Juvenile Detention	226,756	-	-	-	(226,756)	-	(226,756)	-
Total public safety	<u>\$ 3,420,627</u>	<u>\$ 226,740</u>	<u>\$309,457</u>	<u>-</u>	<u>\$ (2,884,430)</u>	<u>-</u>	<u>\$ (2,884,430)</u>	<u>-</u>
Natural Resources:								
Soil Conservation	\$ 41,704	\$ -	-	-	\$ (41,704)	-	\$ (41,704)	-
County Extension	140,700	-	-	-	(140,700)	-	(140,700)	-
Noxious Weed	144,381	45,838	-	-	(98,543)	-	(98,543)	-
Total natural resources	<u>\$ 326,785</u>	<u>\$ 45,838</u>	<u>-</u>	<u>-</u>	<u>\$ (280,947)</u>	<u>-</u>	<u>\$ (280,947)</u>	<u>-</u>

The notes to the financial statements are an integral part of this statement.

## SEWARD COUNTY, KANSAS

Statement 2  
(Continued)STATEMENT OF ACTIVITIES  
For the year ended December 31, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services & Other	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government (Continued):								
Governmental Activities (Continued):								
Health and Sanitation:								
Coroner	\$ 27,313	\$ -	\$ -	-	\$ (27,313)	-	\$ (27,313)	-
Emergency Medical Service	666,148	318,174	-	-	(347,974)	-	(347,974)	-
Health	991,566	175,009	447,106	-	(369,451)	-	(369,451)	-
Mental Health	92,546	-	-	-	(92,546)	-	(92,546)	-
Developmental Disabled	141,950	-	-	-	(141,950)	-	(141,950)	-
Cemetery	51,468	24,397	-	-	(27,071)	-	(27,071)	-
Total health and sanitation	\$ 1,970,991	\$ 517,580	\$447,106	-	\$ (1,006,305)	-	\$ (1,006,305)	-
Social Services:								
Adolescent support	\$ 270,985	-	-	-	\$ (270,985)	-	\$ (270,985)	-
SKADAF	52,700	-	-	-	(52,700)	-	(52,700)	-
Veterans	13,321	-	-	-	(13,321)	-	(13,321)	-
Total social services	\$ 337,006	-	-	-	\$ (337,006)	-	\$ (337,006)	-
Culture and Recreation:								
Historical Museum	\$ 80,000	-	-	-	\$ (80,000)	-	\$ (80,000)	-
Council on Aging	282,936	-	-	-	(282,936)	-	(282,936)	-
Economic Development	1,000	-	-	-	(1,000)	-	(1,000)	-
Fair	47,285	-	-	-	(47,285)	-	(47,285)	-
Special Parks and Recreation/Alcohol	7,000	-	-	-	(7,000)	-	(7,000)	-
Activity Center	292,039	-	-	-	(292,039)	-	(292,039)	-
Total culture and recreation	\$ 710,260	-	-	-	\$ (710,260)	-	\$ (710,260)	-
Transportation:								
Maintenance	\$ 2,734,186	-	-	-	\$ (2,734,186)	-	\$ (2,734,186)	-
Other:								
Employee Committee	\$ 10,257	-	-	-	\$ (10,257)	-	\$ (10,257)	-
Total governmental activities	\$16,616,783	\$1,309,896	\$756,563	-	\$ (14,550,324)	\$ -	\$ (14,550,324)	-
Business-Type Activities:								
Landfill	5,641,790	5,984,048	-	-	-	342,258	342,258	-
Total Primary Government	\$22,258,573	\$7,293,944	\$756,563	-	\$ (14,550,324)	\$ 342,258	\$ (14,208,066)	-

The notes to the financial statements are an integral part of this statement.

## SEWARD COUNTY, KANSAS

Statement 2  
(Continued)STATEMENT OF ACTIVITIES  
For the year ended December 31, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services & Other	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Component Units:								
Southwest Medical Center	\$40,691,347	\$41,559,859	\$ 39,191	\$241,119	-	-	-	\$ 1,148,822
General Revenues:								
Ad valorem property tax					\$ 9,854,543	\$ -	\$ 9,854,543	\$ -
Delinquent tax					210,486	-	210,486	-
Interest on delinquent taxes					85,485	-	85,485	-
Payment in lieu of taxes					3,423	-	3,423	-
Motor vehicle tax					729,165	-	729,165	-
Private club liquor tax					13,020	-	13,020	-
Local sales tax					2,170,225	-	2,170,225	-
Gasoline tax					620,448	-	620,448	-
Health initiatives					836,843	-	836,843	-
Severance tax					78,323	-	78,323	-
Diversion fees					27,415	-	27,415	-
Royalty and lease income					112,052	-	112,052	-
Miscellaneous					39,033	4,970	44,003	-
Interest					108,759	2,264	111,023	-
Gain or (loss) on disposal of assets					(832)	-	(832)	-
Total general revenues and transfers					\$14,888,388	\$ 7,234	\$14,895,622	-
Change in Net Position					\$ 338,064	\$ 349,492	\$ 687,556	\$ 1,148,822
Net Position, Beginning					22,586,430	3,897,560	26,483,990	33,856,013
Net Position, Ending					\$22,924,494	\$4,247,052	\$27,171,546	\$35,004,835

The notes to the financial statements are an integral part of this statement.

## SEWARD COUNTY, KANSAS

Statement 3

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2012

	<u>General</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>ASSETS</b>			
Cash, including time deposits	\$ 2,995,866	\$5,233,880	\$ 8,229,746
Cash, restricted	12,213	-	12,213
Accounts receivable	317,275	95,464	412,739
Taxes receivable	8,792,962	2,220,579	11,013,541
Inventory	<u>35,688</u>	<u>-</u>	<u>35,688</u>
Total Assets	<u>\$12,154,004</u>	<u>\$7,549,923</u>	<u>\$19,703,927</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<u>Liabilities</u>			
Accounts payable	\$ 328,460	\$ 97,978	\$ 426,438
Accrued wages and benefits	202,838	57,361	260,199
Deferred revenue	<u>8,792,962</u>	<u>2,220,579</u>	<u>11,013,541</u>
Total liabilities	<u>\$ 9,324,260</u>	<u>\$2,375,918</u>	<u>\$11,700,178</u>
<u>Fund Balances</u>			
Nonspendable:			
Inventory	\$ 35,688	\$ -	\$ 35,688
Accounts receivable	317,275	95,464	412,739
Restricted for restricted cash	12,213	-	12,213
Assigned	12,692	5,078,541	5,091,233
Unassigned	<u>2,451,876</u>	<u>-</u>	<u>2,451,876</u>
Total fund balances	<u>\$ 2,829,744</u>	<u>\$5,174,005</u>	<u>\$ 8,003,749</u>
Total Liabilities and Fund Balances	<u>\$12,154,004</u>	<u>\$7,549,923</u>	<u>\$19,703,927</u>

The notes to the financial statements are an integral part of this statement.

SEWARD COUNTY, KANSAS

Statement 3  
(Continued)

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

December 31, 2012

Total Governmental Fund Balances	\$ 8,003,749
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Net of accumulated depreciation of \$64,693,433	15,500,643
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	<u>(579,898)</u>
Net Position of Governmental Activities	<u>\$22,924,494</u>

The notes to the financial statements are an integral part of this statement.

## SEWARD COUNTY, KANSAS

Statement 4

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – GOVERNMENTAL FUNDS

For the year ended December 31, 2012

	<u>General</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>Revenues</u>			
Taxes	\$ 9,312,611	\$2,329,666	\$11,642,277
Intergovernmental	2,691,991	1,086,604	3,778,595
Licenses, permits and fees	577,916	-	577,916
Charges for services	457,414	267,917	725,331
Interest income	108,759	-	108,759
Royalty and lease income	86,852	-	86,852
Miscellaneous	<u>34,253</u>	<u>29,980</u>	<u>64,233</u>
Total revenues	<u>\$13,269,796</u>	<u>\$3,714,167</u>	<u>\$16,983,963</u>
<u>Expenditures</u>			
Current Operations:			
General Government:			
County Administration	\$ 84,338	\$ -	\$ 84,338
County Commissioners	91,208	-	91,208
County Counselor	50,979	-	50,979
County Clerk	127,748	-	127,748
County Treasurer	213,137	-	213,137
County Attorney	720,339	63,235	783,574
Planning Board	89,758	-	89,758
Register of Deeds	110,491	-	110,491
Clerk of District Court	367,022	-	367,022
Employees' Benefits	2,708,517	-	2,708,517
Courthouse General	1,028,054	395,101	1,423,155
Information Technology	293,796	-	293,796
GIS	56,667	-	56,667
Election	70,737	-	70,737
County Appraiser	280,595	-	280,595
Human Resources	101,128	-	101,128
Reserve for claims	<u>125,024</u>	<u>-</u>	<u>125,024</u>
Total general government	<u>\$ 6,519,538</u>	<u>\$ 458,336</u>	<u>\$ 6,977,874</u>
Public Safety:			
Sheriff	\$ 1,101,410	\$ -	\$ 1,101,410
Civil Defense	118,521	-	118,521

The notes to the financial statements are an integral part of this statement.

## SEWARD COUNTY, KANSAS

Statement 4  
(Continued)STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – GOVERNMENTAL FUNDS

For the year ended December 31, 2012

	<u>General</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>Expenditures</u> (Continued)			
Current Operations (Continued):			
Public Safety (Continued):			
Emergency Preparedness	99,706	29,652	129,358
Jail	1,224,785	-	1,224,785
Communications	269,400	-	269,400
Juvenile Detention	226,756	-	226,756
Rural Fire	-	322,160	322,160
Total public safety	<u>\$ 3,040,578</u>	<u>\$ 351,812</u>	<u>\$ 3,392,390</u>
Natural Resources:			
Soil Conservation	\$ 41,704	\$ -	\$ 41,704
County Extension	140,700	-	140,700
Noxious Weed	165,377	32,221	197,598
Total natural resources	<u>\$ 347,781</u>	<u>\$ 32,221</u>	<u>\$ 380,002</u>
Health and Sanitation:			
Coroner	\$ 27,313	\$ -	\$ 27,313
Mental Health	71,703	-	71,703
Developmental Disabled	141,950	-	141,950
Cemetery	50,929	-	50,929
Emergency Medical Service	648,130	-	648,130
Health	-	979,483	979,483
Total health and sanitation	<u>\$ 940,025</u>	<u>\$ 979,483</u>	<u>\$ 1,919,508</u>
Social Services:			
Adolescent support	\$ 270,985	-	\$ 270,985
SKADAF	52,700	-	52,700
Veterans	13,321	-	13,321
Total social services	<u>\$ 337,006</u>	<u>-</u>	<u>\$ 337,006</u>
Culture and Recreation:			
Historical Museum	\$ 80,000	\$ -	\$ 80,000
Activity Center	228,102	-	228,102
Fair	42,500	-	42,500
Economic Development	1,000	-	1,000
Council on Aging	282,936	-	282,936
Special Parks and Recreation	-	7,000	7,000
Total culture and recreation	<u>\$ 634,538</u>	<u>\$ 7,000</u>	<u>\$ 641,538</u>

The notes to the financial statements are an integral part of this statement.

SEWARD COUNTY, KANSAS

Statement 4  
(Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – GOVERNMENTAL FUNDS

For the year ended December 31, 2012

	<u>General</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>Expenditures</u> (Continued)			
Current Operations (Continued):			
Transportation:			
Maintenance	<u>-</u>	<u>\$1,827,712</u>	<u>\$ 1,827,712</u>
Other:			
Employee Committee	<u>\$ 10,257</u>	<u>-</u>	<u>\$ 10,257</u>
Total expenditures	<u>\$11,829,723</u>	<u>\$3,656,564</u>	<u>\$15,486,287</u>
Transfers:			
Equipment	<u>\$ 450,000</u>	<u>\$ (450,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 990,073</u>	<u>\$ 507,603</u>	<u>\$ 1,497,676</u>
Fund Balances, Beginning	<u>1,843,605</u>	<u>4,678,110</u>	<u>6,521,715</u>
Other Changes:			
Increase or (decrease) in reserves	<u>(3,934)</u>	<u>(11,708)</u>	<u>(15,642)</u>
Fund Balances, Ending	<u>\$ 2,829,744</u>	<u>\$5,174,005</u>	<u>\$ 8,003,749</u>

The notes to the financial statements are an integral part of this statement.



SEWARD COUNTY, KANSAS

Statement 4  
(Continued)

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended December 31, 2012

Net Change in Fund Balances – Total Governmental Funds \$ 1,497,676

Amounts reported for governmental activities in the  
statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the  
statement of activities, the cost of those assets is allocated over their  
estimated useful lives as depreciation expense:

Capital asset purchases capitalized	876,003
Capital asset disposals, net of accumulated depreciation	(832)
Depreciation expense	(1,999,936)

Revenues in the statement of activities that do not provide current financial  
resources are not reported as revenues in the fund:

Current taxes receivable	11,013,541
Prior taxes receivable	(11,116,265)
Current accounts receivable	412,739
Prior accounts receivable	(441,023)
Current restricted assets	12,213
Prior restricted assets	(18,589)
Current deferred revenue	(11,013,541)
Prior deferred revenue	11,116,265

Some expenses reported in the statement of activities do not require the use  
of current financial resources, and, therefore, are not reported as expenditures  
in governmental funds:

Current compensated absences	(579,898)
Prior compensated absences	560,694

Some assets, such as prepaid insurance and inventory, are reported as reserves  
to fund balances in the governmental funds statement so these amounts are  
included in the expense accounts on the governmental funds:

Current inventory	35,688
Prior inventory	<u>(16,671)</u>

Change in Net Position on Governmental Activities \$ 338,064

The notes to the financial statements are an integral part of this statement.

## SEWARD COUNTY, KANSAS

Statement 5

STATEMENTS OF NET POSITION – PROPRIETARY FUNDS

December 31, 2012 and 2011

	<u>Business-Type Activities</u>	
	<u>Landfill</u>	
	<u>Current</u>	<u>Prior</u>
<b>ASSETS</b>		
<u>Current Assets</u>		
Cash, including time deposits	\$ 1,905,573	\$ 1,286,007
Accounts receivable (net)	<u>686,620</u>	<u>640,243</u>
Total current assets	\$ <u>2,592,193</u>	\$ <u>1,926,250</u>
<u>Noncurrent Assets</u>		
Restricted Assets:		
Cash, including time deposits	\$ 1,993,166	\$ 1,795,128
Capital Assets:		
Land	91,844	91,844
Buildings	631,742	631,742
Landfill pit	3,648,792	3,648,792
Machinery, equipment, furniture and fixtures	7,646,682	7,253,757
<u>Less – Accumulated depreciation</u>	<u>(5,905,792)</u>	<u>(5,253,972)</u>
Accumulated amortization	<u>(2,960,301)</u>	<u>(2,929,801)</u>
Total noncurrent assets	\$ <u>5,146,133</u>	\$ <u>5,237,490</u>
Total Assets	\$ <u>7,738,326</u>	\$ <u>7,163,740</u>
<b>LIABILITIES</b>		
<u>Current Liabilities</u>		
Payable from Current Assets:		
Accounts payable	\$ 252,996	\$ 177,151
Current portion of long-term debt	<u>275,174</u>	<u>302,902</u>
Total current liabilities	\$ <u>528,170</u>	\$ <u>480,053</u>
<u>Noncurrent Liabilities</u>		
Lease payable	\$ 860,178	\$ 933,080
Accrued compensated absences	98,931	101,825
Landfill closure payable	2,279,169	2,054,124
<u>Less – Current portion</u>	<u>(275,174)</u>	<u>(302,902)</u>
Total noncurrent liabilities	\$ <u>2,963,104</u>	\$ <u>2,786,127</u>
Total Liabilities	\$ <u>3,491,274</u>	\$ <u>3,266,180</u>
<b>NET POSITION</b>		
Net investment in capital assets	\$ 13,620	\$ 353,333
Restricted for:		
Other purposes	1,993,166	1,795,128
Unrestricted	<u>2,240,266</u>	<u>1,749,099</u>
Total Net Position	\$ <u>4,247,052</u>	\$ <u>3,897,560</u>

The notes to the financial statements are an integral part of this statement.

## SEWARD COUNTY, KANSAS

Statement 6

STATEMENTS OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET POSITION – PROPRIETARY FUNDS

For the years ended December 31, 2012 and 2011

	<u>Business-Type Activities</u>	
	<u>Landfill</u>	
	<u>Current</u>	<u>Prior</u>
<u>Operating Revenues</u>		
Charges for services	\$5,984,048	\$4,223,626
<u>Operating Expenses</u>		
Cost of Services:		
Salaries and wages	\$1,246,324	\$ 835,810
Fringe benefits	494,453	339,190
Professional fees	70,429	82,082
Maintenance	207,175	93,589
Fuel	883,648	550,250
Rents	91,750	57,020
Tonnage fees	109,021	87,111
Landfill closure and postclosure	258,106	-
Repairs	1,075,324	394,402
Waste tire removal	<u>9,037</u>	<u>12,476</u>
Total cost of services	\$4,445,267	\$2,451,930
Other:		
Administrative expense	\$ 406,081	\$ 342,082
Insurance	8,061	28,884
Depreciation and amortization	<u>683,611</u>	<u>729,412</u>
Total other	\$1,097,753	\$1,100,378
Total operating expenses	\$5,543,020	\$3,552,308
Net Operating Income	\$ 441,028	\$ 671,318
<u>Non-Operating Revenue (Expense)</u>		
E Waste	\$ 4,970	\$ 9,777
Interest income	2,264	1,687
Interest and fiscal charges	(45,919)	(29,189)
Compost income (net)	<u>(52,851)</u>	<u>11,572</u>
Total non-operating revenue (expense)	\$ (91,536)	\$ (6,153)
Change in Net Position	\$ 349,492	\$ 665,165
Net Position, Beginning of Year	<u>3,897,560</u>	<u>3,232,395</u>
Net Position, End of Year	\$4,247,052	\$3,897,560

The notes to the financial statements are an integral part of this statement.

## SEWARD COUNTY, KANSAS

## Statement 7

STATEMENTS OF CASH FLOWS – PROPRIETARY FUNDS

For the years ended December 31, 2012 and 2011

	<u>Business-Type Activities</u>	
	<u>Landfill</u>	
	<u>Current</u>	<u>Prior</u>
<u>Cash Flows from Operating Activities</u>		
Receipts from customers	\$ 5,937,671	\$ 3,950,901
Disbursements to suppliers	(3,362,971)	(2,240,394)
Disbursements to employees	(1,246,324)	(835,810)
Interest income	2,264	1,687
Interest expense	(45,919)	(29,189)
Net cash provided by operating activities	\$ <u>1,284,721</u>	\$ <u>847,195</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Purchase of property and equipment	\$ (394,215)	\$ (787,686)
Financing of equipment	269,700	630,000
Principal payments on capital lease obligations	(342,602)	(310,134)
Net cash used in financing activities	\$ <u>(467,117)</u>	\$ <u>(467,820)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 817,604	\$ 379,375
Cash and Cash Equivalents at Beginning of Year	<u>3,081,135</u>	<u>2,701,760</u>
Cash and Cash Equivalents at End of Year	\$ <u>3,898,739</u>	\$ <u>3,081,135</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided (Used) by Operating Activities</u>		
Operating income	\$ <u>349,492</u>	\$ <u>665,165</u>
Adjustments to Reconcile Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation expense	\$ 653,110	\$ 698,911
Amortization expense	30,501	30,501
Changes in Assets and Liabilities:		
Decrease (increase) in accounts receivable	(46,377)	(311,384)
Decrease (increase) in notes receivable	-	17,310
(Decrease) increase in accounts payable	72,952	69,407
(Decrease) increase in closure and postclosure	<u>225,043</u>	<u>(322,715)</u>
Total adjustments	\$ <u>935,229</u>	\$ <u>182,030</u>
Net Cash Provided by Operating Activities	\$ <u>1,284,721</u>	\$ <u>847,195</u>

The notes to the financial statements are an integral part of this statement.

## SEWARD COUNTY, KANSAS

Statement 8

STATEMENT OF NET POSITION – FIDUCIARY FUNDS

December 31, 2012

	<u>Assets</u> <u>Cash and</u> <u>Time Deposits</u>	<u>Liabilities</u>	<u>Net</u> <u>Position</u>
<u>Private-Purpose Trust Funds</u>			
Prevention Grant	\$ 45,877	\$ 6,997	\$ 38,880
Register of Deeds – Tech Fund	102,833	-	102,833
Technology Surplus	6,646	-	6,646
City of Liberal Intake	32,696	645	32,051
Micro Loan	52,040	-	52,040
LLEBG2002-51 Grant	16,324	720	15,604
Juvenile Justice Grant	113,337	5,636	107,701
JCAPS-JIAS	11,590	4,960	6,630
JCAPS-CCMA	18,049	7,126	10,923
JCAPS-Program Fees	109,908	267	109,641
Treasurer's Special Auto	38,106	4,405	33,701
Emergency Medical Service:			
Training	11,106	380	10,726
Bequests	2,804	-	2,804
Prosecutor Training	23,052	-	23,052
Fire Protection – Bequest	2,800	-	2,800
Law Library	79,710	-	79,710
Sub-total	<u>\$ 666,878</u>	<u>\$ 31,136</u>	<u>\$635,742</u>

The notes to the financial statements are an integral part of this statement.

SEWARD COUNTY, KANSAS

Statement 8  
(Continued)

STATEMENT OF NET POSITION – FIDUCIARY FUNDS

December 31, 2012

	<u>Assets</u> <u>Cash and</u> <u>Time Deposits</u>	<u>Liabilities</u>	<u>Net</u> <u>Position</u>
<u>Agency Funds</u>			
Sheriff	\$ 10,144	\$ 10,144	-
Clerk of District Court	73,614	73,614	-
County Attorney	45,851	45,851	-
Cimarron Basin	173,419	173,419	-
Escape Holding	219	219	-
Patriot Escrow	49,453	49,453	-
Long and Short	(1,994)	(1,994)	-
Vehicle Registration	(305)	(305)	-
Special County Mineral Tax	34,098	34,098	-
Pilot	54,075	54,075	-
Recreational Vehicles	1,728	1,728	-
Sales and Compensating Tax	60,316	60,316	-
Added Tax	343	343	-
Current Tax	20,247,023	20,247,023	-
Vehicle Property Tax	277,294	277,294	-
Advance Tax	4,335	4,335	-
Delinquent Personal	22,758	22,758	-
Delinquent Real Estate	121,996	121,996	-
Oil and Gas Money from State	1,067,916	1,067,916	-
Rent Vehicles	1,742	1,742	-
Bankruptcy	659	659	-
Sub-total	<u>\$22,244,684</u>	<u>\$22,244,684</u>	<u>-</u>
Total Fiduciary Funds	<u>\$22,911,562</u>	<u>\$22,275,820</u>	<u>\$635,742</u>

The notes to the financial statements are an integral part of this statement.

## SEWARD COUNTY, KANSAS

Statement 9

STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS  
PRIVATE–PURPOSE TRUST FUNDS  
For the year ended December 31, 2012

	<u>Prevention Grant</u>	<u>Register of Deeds Tech Fund</u>	<u>Technology Surplus</u>	<u>City of Liberal Intake</u>	<u>Micro Loan</u>
<b>ADDITIONS</b>					
Federal and state grants	\$ 14,053	\$ -	-	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for services	-	17,808	-	28,600	16,606
Total additions	<u>\$ 14,053</u>	<u>\$ 17,808</u>	<u>-</u>	<u>\$ 28,600</u>	<u>\$ 16,606</u>
<b>DEDUCTIONS</b>					
Personal services	\$ -	\$ -	-	\$ 19,187	\$ -
Contractual services	-	-	-	-	156
Commodities	8,808	13,561	-	-	-
Total deductions	<u>\$ 8,808</u>	<u>\$ 13,561</u>	<u>-</u>	<u>\$ 19,187</u>	<u>\$ 156</u>
Change in Net Position	\$ 5,245	\$ 4,247	\$ -	\$ 9,413	\$ 16,450
Net Position – Beginning of Year	<u>33,635</u>	<u>98,586</u>	<u>6,646</u>	<u>22,638</u>	<u>35,590</u>
Net Position – End of Year	<u>\$ 38,880</u>	<u>\$102,833</u>	<u>\$ 6,646</u>	<u>\$ 32,051</u>	<u>\$ 52,040</u>

The notes to the financial statements are an integral part of this statement.

## SEWARD COUNTY, KANSAS

Statement 9  
(Continued)

STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS  
PRIVATE-PURPOSE TRUST FUNDS  
 For the year ended December 31, 2012

	<u>LLEGB</u> <u>2002-51</u> <u>Grant</u>	<u>Juvenile</u> <u>Justice</u> <u>Grant</u>	<u>JCAPS-</u> <u>JIAS</u>	<u>JCAPS-</u> <u>CCMA</u>	<u>JCAPS-</u> <u>Program</u> <u>Fees</u>	<u>Treasurer's</u> <u>Special Auto</u>
<b>ADDITIONS</b>						
Federal and state grants	-	\$133,996	\$ 95,875	\$163,204	\$ -	\$ -
Intergovernmental	-	74,800	-	-	-	-
Charges for services	-	<u>3,264</u>	-	-	<u>80,377</u>	<u>154,133</u>
Total additions	-	<u>\$212,060</u>	<u>\$ 95,875</u>	<u>\$163,204</u>	<u>\$ 80,377</u>	<u>\$154,133</u>
<b>DEDUCTIONS</b>						
Personal services	\$ -	\$114,608	\$ 65,095	\$ 92,055	\$ -	\$109,338
Contractual services	-	56,740	32,283	43,623	10	4,305
Commodities	<u>8,056</u>	<u>23,924</u>	<u>13,654</u>	<u>55,102</u>	<u>762</u>	<u>6,789</u>
Total deductions	<u>\$ 8,056</u>	<u>\$195,272</u>	<u>\$111,032</u>	<u>\$190,780</u>	<u>\$ 772</u>	<u>\$120,432</u>
Change in Net Position	\$ (8,056)	\$ 16,788	\$ (15,157)	\$ (27,576)	\$ 79,605	\$ 33,701
Net Position – Beginning of Year	<u>23,660</u>	<u>90,913</u>	<u>21,787</u>	<u>38,499</u>	<u>30,036</u>	<u>-</u>
Net Position – End of Year	<u>\$ 15,604</u>	<u>\$107,701</u>	<u>\$ 6,630</u>	<u>\$ 10,923</u>	<u>\$109,641</u>	<u>\$ 33,701</u>

The notes to the financial statements are an integral part of this statement.



## SEWARD COUNTY, KANSAS

Statement 9  
(Continued)

STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS  
PRIVATE-PURPOSE TRUST FUNDS  
For the year ended December 31, 2012

	<u>Emergency</u> <u>Medical</u> <u>Service</u> <u>Training</u>	<u>Emergency</u> <u>Medical</u> <u>Service</u> <u>Bequests</u>	<u>Prosecutor</u> <u>Training</u>	<u>Fire</u> <u>Protection</u> <u>Bequests</u>	<u>Law</u> <u>Library</u>	<u>Total</u>
<b>ADDITIONS</b>						
Federal and state grants	\$ -	-	\$ -	-	\$ -	\$407,128
Intergovernmental	1,110	-	-	-	-	75,910
Charges for services	-	-	3,735	-	26,832	331,355
Total additions	<u>\$ 1,110</u>	<u>-</u>	<u>\$ 3,735</u>	<u>-</u>	<u>\$ 26,832</u>	<u>\$814,393</u>
<b>DEDUCTIONS</b>						
Personal services	\$ -	-	-	\$ -	\$ -	\$400,283
Contractual services	-	-	-	-	-	137,117
Commodities	760	-	-	1,250	43,293	175,959
Total deductions	<u>\$ 760</u>	<u>-</u>	<u>-</u>	<u>\$ 1,250</u>	<u>\$ 43,293</u>	<u>\$713,359</u>
Change in Net Position	\$ 350	\$ -	\$ 3,735	\$ (1,250)	\$ (16,461)	\$101,034
Net Position – Beginning of Year	<u>10,376</u>	<u>2,804</u>	<u>19,317</u>	<u>4,050</u>	<u>96,171</u>	<u>534,708</u>
Net Position – End of Year	<u>\$ 10,726</u>	<u>\$ 2,804</u>	<u>\$ 23,052</u>	<u>\$ 2,800</u>	<u>\$ 79,710</u>	<u>\$635,742</u>

The notes to the financial statements are an integral part of this statement.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Seward County, Kansas is a municipal corporation governed by an elected five-member commission. As required by generally accepted accounting principles, these financial statements present the primary government and its component unit, an entity for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. There were no blended component units for this reporting entity. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the primary government. This presented component unit has a December 31 year end. Records of County boards are not subject to examination by certified public accountants in accordance with the provisions of state statute and such boards elected not to have an annual audit of their records for audit year 2012.

Discretely Presented Component Unit

The component unit section of the financial statements includes the financial data of a discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the County. The governing body of this component unit is appointed by the County Commission.

Southwest Medical Center – Southwest Medical Center (the Medical Center) is owned by Seward County, Kansas (the County), and governed by a seven-member Board of Trustees appointed by the Board of County Commissioners. The Medical Center is a 101-bed, not-for-profit general hospital located in Liberal, Kansas. The Medical Center can sue and be sued, and can buy, sell, or lease real property. Bond issuances must be approved by the County. The Medical Center is a component unit of the County.

Complete financial statements for the component unit may be obtained at the entity's administrative office:

Southwest Medical Center  
315 W. 15th  
Liberal, Kansas 67901

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Financial Statements

The accounting and reporting policies of the County relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the County has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the County are described below.

The County's basic financial statements include the accounts of all County operations. The criteria for including organizations as component units within the County's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the County holds the corporate powers of the organization
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the County

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Reconciliation of Government-Wide and Fund Financial Statements

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

Statement 3 provides a reconciliation between the total governmental fund balance and the net position of governmental activities as reported in the government-wide statement of net position.

The reconciling element is due to the governmental funds report capital outlays as expenditures in the year of purchase. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements (Continued)

Reconciliation of Government-Wide and Fund Financial Statements (Continued)

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances.

Statement 4 includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities. One element in the reconciliation is the reporting on the purchase of capital assets. The governmental funds report purchases of the capital assets as a current period expenditure. The statement of activities recognizes the cost of those capital assets allocated over their estimated useful lives and reported as depreciation expense. These reconciling items are shown in the current year of \$ (1,159,612) and total depreciation expense of \$1,999,936.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each on which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

1. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements (Continued)

The funds of the financial reporting entity are described below:

Governmental Funds:

General Fund

The General Fund is the primary operating fund of the County and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are legally or administratively restricted to expenditures for certain purposes.

Capital Projects Fund

The Capital Projects Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items (other than those financed by enterprise funds). All Capital Projects Funds were completed in previous years.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt and the financing of special assessments that are general obligations of the County (other than debt service payments made by enterprise funds).

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements (Continued)

Proprietary Fund:

Enterprise Fund

Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Fiduciary Funds (Not included in government-wide statements):

Trust Funds

Funds that are held subject to trust agreements.

Agency Funds

Agency funds account for assets held by the County in a purely custodial capacity. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the Landfill Fund as a major proprietary fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the County's proprietary fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity

Cash and Cash Equivalents

For the purpose of the Statement of Net Position, “cash, including time deposits” includes all demand and savings accounts and certificates of deposits of the County. For the purposes of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” includes all demand and savings accounts and certificates of deposits or short-term investments with an original maturity of three months or less.

Kansas statutes authorize the public entities, with certain restrictions, to deposit or invest in open accounts, time deposits, certificates of deposit, repurchase agreements, U. S. Treasury Bills and Notes, and the State Treasurer’s investment pool. Kansas statutes also require that collateral be pledged for bank deposits with a fair market value equal to 100 percent of the uninsured amounts and must be assigned for the benefit of the public entity.

All cash accounts are recorded at cost, plus accrued interest, if applicable. All funds for the primary government were fully collateralized at year end by federal depository insurance and/or collateral held by the entity or its agent in the entity’s name.

Restricted Assets

Certain resources are set aside for their repayment and are classified as restricted assets on balance sheet because they are maintained in separate accounts and their use is limited to:

- AFLAC accounts
- Diversions – County Attorney
- Landfill

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the County’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the County’s policy is to first apply the expenditure toward restricted fund balance and then to other, less restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (Continued)

Property Taxes

Taxes are assessed on a calendar year basis, are levied and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. Collection of current year property taxes by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year. This procedure is in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the County and therefore are not susceptible to accrual. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2013.

Only amounts of delinquent tax collected by the County Treasurer are included in receivables and offset by deferred revenue. Records of delinquent tax are such that it is impracticable to ascertain the amounts that represent receivables. Revenue would not be affected since budgetary procedures require reporting on a cash basis.

Activity Between Funds

Activity between funds that are outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances", if applicable. At year end there were no outstanding balances.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (Continued)

Other Receivables – Governmental Funds

Receivables of the general and special revenue funds are not available as resources that can be used to finance the current year operations of the County and, consequently, are offset by reserves in the fund statements for control purposes.

With the exception of delinquent taxes, accounts receivable, which were considered doubtful as to collectibility, have been charged off. Therefore, a provision for uncollectible accounts has not been recognized for statement presentation.

Landfill Receivable

The County records landfill revenue billed to its customers on a monthly basis. It is not practicable to estimate unbilled service receivables at year end and further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Inventories and Prepaid Items

General Fund inventories of noxious weed chemicals are held for the purpose of resale and are carried at cost using the first-in, first-out method. Inventories are expensed when purchased for fund financials and expensed when used for government-wide financials.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

Capital Assets

Capital assets, which include property, buildings and improvements, equipment and infrastructure assets, such as roads, bridges and similar items, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (Continued)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	10 to 40 years
Infrastructure assets	39 to 50 years
Machinery and equipment	2 to 10 years

Compensated Absences – County Employees

Policy as adopted:

Paid time off (PTO) has been provided to add flexibility to Seward County employees in taking time off away from their employment, but at the same time maintaining effective staffing at all levels of Seward County Government. The Seward County Board of Commissioners find that it is in the best interest of the Seward County employees to be responsible for determining how their time away from work will best suit their individual needs and preferences and that employees should be given flexibility in their paid time away from work. PTO shall be used concurrently to an employee utilizing leave of absence status. This policy shall apply to all full-time employees.

The following accrual chart is based on per pay period:

<u>Length of Service</u>	<u>Accrual</u>
1 year or less	.31 days
2-5 years	.88 days
6-9 years	1.00 days
10-14 years	1.27 days
15 years and over	1.46 days

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (Continued)

Compensated Absences – County Employees (Continued)

The maximum accumulation of PTO by an employee shall be 512 hours or 64 days. Employees who have accrued in excess of 512 hours or 64 days of PTO may exchange PTO in excess of 512 hours for wage based compensation at a rate of 2 hours of PTO for 1 hour of wage based compensation or may place hours in excess of 512 in extended sick leave up to 1,040 hours. Exempt employees may exchange PTO at a ratio of 2 weeks of PTO for 1 week of base compensation or place days in excess of 64 in extended sick leave. Time placed in extended sick leave shall be lost upon termination or retirement. Extended sick leave may only be used for events qualifying for Family and Medical leave and/or following a bona fide illness absence in excess of three consecutive days.

Under this policy, employees who retire from Seward County under the plans offered by Seward County are eligible for a PTO buy out up to 512 hours. This benefit will be available to all full-time employees who are eligible for KPERS or other applicable County sponsored retirement program and have at least five years of full-time service to the County. Amounts have been calculated and have been accrued in the appropriate funds. Amounts that have been accrued for the year ended December 31, 2012 are:

<u>Fund</u>	<u>Amount</u>
General	\$418,547
Rural Fire	14,735
Road and Bridge	95,312
Health	51,304
Landfill	98,931

Deferred Revenue

Receivables from taxes and grants from federal and state agencies are reported as deferred revenue for all governmental fund types.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (Continued)

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Government-Wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position is divided into three components:

Net Investment in Capital Assets – Consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted Net Position – Consists of net position that is restricted by the County's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted – All other net position is reported in this category.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (Continued)

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of the County Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by a formal action by County Commission ordinance or resolution.

Assigned – Amounts that are designated by County officials for a particular purpose.

Unassigned – All amounts not included in other spendable classifications.

Revenues and Expenditures

Revenues

Substantially all governmental fund revenues are accrued. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue based on GASB 33. In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met, are reported as advances by the provider and deferred revenue by the recipient.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (Continued)

Revenues and Expenditures (Continued)

Revenues (Continued)

Collection of current year property taxes by the County Treasurer is not completed, apportioned, nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with the governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the County and, therefore, are not susceptible to accrual.

Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased. Principal and interest on general long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is used in the governmental funds. For budgetary purposes, appropriations lapse at fiscal year end, except for the portion related to encumbered amounts. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitment will be honored during the subsequent year.



SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budget Requirements, Accounting and Reporting

Requirements for all funds:

A. Annual budgets are adopted for most County funds. Such budgets are based on expected expenditures by program within a fund and estimated resources by source for all funds. Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budget Requirements, Accounting and Reporting (Continued)

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Encumbrance accounting is employed by governmental funds. Encumbrances outstanding at year end are reported as reservation of fund balances and do not constitute GAAP expenditures or liabilities. Accordingly, all budget statements reflect the amount of encumbrances included as non-GAAP expenditures. Revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for Capital Projects Funds, Trust Funds and the following Special Revenue Funds:

- EMS Equipment Fund
- Rural Fire Equipment Fund
- Special Highway Improvement Fund
- Road Machinery Fund
- Noxious Weed Equipment Fund
- 911 Wireless Fund
- Court Trustee Operations Fund

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

The reconciliation after Statement 4 also reconciles the budgetary information to the GAAP information.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Deficit Fund Equity at Year End

There was no deficit fund equity at year end.

C. Detail Notes on All Funds

Cash and Cash Equivalents

	<u>Cash &amp; Time Accounts</u>
County Treasurer:	
First National Bank	\$34,612,358
Cash on hand	167,107
Other Accounts:	
AFLAC account:	
First National Bank	7,050
Emergency Medical Service:	
First National Bank	12,605
Cash on hand	250
Clerk of District Court:	
First National Bank	73,614
Law Library:	
First National Bank	79,710
Landfill:	
First National Bank	38,992
Cash on hand	500
Health Department:	
First National Bank	1,079
Cash on hand	100
County Attorney:	
Sunflower Bank	45,851
County Clerk:	
Cash on hand	100

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Cash and Cash Equivalents (Continued)

	<u>Cash &amp; Time Accounts</u>
Register of Deeds:	
First National Bank	-
Road and Bridge:	
Cash on hand	200
Sheriff:	
Cash on hand	100
Community Bank	10,144
Witness Fee Fund:	
First National Bank	<u>2,500</u>
Total	<u>\$35,052,260</u>
Analysis of Total Cash and Time Deposits of Primary Government:	
Unrestricted cash for operations	\$33,046,881
Restricted Cash:	
Landfill closure and postclosure care	1,993,166
AFLAC account	7,050
Diversion – County Attorney	<u>5,163</u>
Total	<u>\$35,052,260</u>
Reconciliation:	
Cash Balances – Statement 1:	
Current Assets	\$10,135,319
Restricted Assets	2,005,379
Cash Balances – Statement 8	<u>22,911,562</u>
Total	<u>\$35,052,260</u>

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by Seward County. The statute requires banks eligible to hold Seward County's funds have a main or branch bank in the county in which Seward County is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. Seward County has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits Seward County's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. Seward County has no investment policy that would further limit its investment choices.

Custodial Credit Risk – Deposits – Custodial credit risk for deposits is the risk that in the event of a bank failure, Seward County's deposits may not be returned or Seward County will not be able to recover collateral securities in the possession of an outside party. Seward County's policy requires deposits to be 100 percent secured by collateral valued at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC). Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service, as determined by a rating of C minus or above by independent rating agencies. Collateral agreements must be approved prior to deposit of funds as provided by law. The Seward County Commission approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certifications provided by financial institutions and recommendations of an evaluation committee and/or the County Treasurer. Custodial credit risk for deposits is not formally addressed by bond indentures or pension trust policy. Indentures require that restricted deposits be maintained by the trustee bank specified in the indenture. Pension trust investment policy restricts uninvested cash to minimal balances generally covered by the FDIC.

Deposits of Seward County's reporting entity are insured or collateralized with securities held by Seward County, its agent, or by the pledging financial institutions' trust department or agent in the name of Seward County or applicable public trust.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Deposits and Investments (Continued)

At December 31, 2012, Seward County's carrying amount of deposits, including certificates of deposit, was \$34,881,403. The bank balance was \$35,065,591. Of the bank balance, \$558,828 was covered by FDIC insurance and the remaining \$34,506,763 was collateralized with securities held by the pledging financial institution's agent in Seward County's name.

Custodial Credit Risk – Investments – For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, Seward County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

Receivables as of Year End for Government's Individual Major Funds and Nonmajor Funds

<u>Receivables</u>	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-Type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Taxes:			
Ad valorem tax	\$10,219,157	-	\$10,219,157
Motor vehicle tax	708,335	-	708,335
Delinquent tax	69,000	-	69,000
Special County mineral taxes	17,049	-	17,049
Total taxes	\$11,013,541	\$ -	\$11,013,541
Accounts	412,739	686,620	1,099,359
Net receivables	<u>\$11,426,280</u>	<u>\$686,620</u>	<u>\$12,112,900</u>

Provision for Uncollectibles

Business-type receivables are primarily from other governments and are considered fully collectible.

With the exception of delinquent taxes, other receivables which were considered doubtful as to collectibility have been charged off annually. Therefore, a provision for uncollectible accounts has not been recognized for statement presentation.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C Detail Notes on All Funds (Continued)

Provision for Uncollectibles (Continued)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

<u>Funds</u>	<u>Amounts</u>
General	\$ 8,792,962
County Building	300,058
Rural Fire	554,358
Road and Bridge	<u>1,366,163</u>
Total	<u>\$11,013,541</u>

Interfund Transfers

The detail of interfund transfers made for the year 2012 are as follows:

<u>From</u>	<u>To</u>	<u>Regulatory Authority</u>	<u>Amount</u>
Rural Fire Fund	Rural Fire Equipment Fund	KSA 19-3612c	\$130,000
Road and Bridge Fund	Special Highway Fund	KSA 68-589	150,000
Road and Bridge Fund	Road Machinery Fund	KSA 68-141g	150,000
General Fund	Capital Equipment Reserve Fund	KSA 19-119	450,000

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Inventories:

Governmental Funds – Disbursements for inventory type items are considered as expenditures at the time of purchase. Balance sheet presentation of stated inventory is offset in the equity section of the balance sheet as reserve for inventory. The only stated inventory is included in the General Fund in the amount of \$35,688 for noxious weed treatment.

Prepaid Expense

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items. There were no prepaid expenses reported as of year end.

Capital Assets:

Enterprise Activities – Landfill

Capital assets and related depreciation have been recorded for the Landfill Fund. Recorded property, plant and equipment owned by the Landfill Fund are stated at cost or estimated historical cost if original cost is not available. Gifts or contributions are stated at fair market value at the date received. Depreciation has been provided over the estimated useful lives using the straight-line method.

Gain or loss is recognized when assets are retired from service or are otherwise disposed.



SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Capital Assets (Continued):

Enterprise Activities – Landfill (Continued)

A summary of property, plant and equipment is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Land	\$ 91,844	\$ -	\$ -	\$ 91,844
Landfill pit	3,648,792	-	-	3,648,792
Buildings and improvements	631,742	-	-	631,742
Machinery and equipment	<u>7,253,757</u>	<u>394,215</u>	<u>1,290</u>	<u>7,646,682</u>
Total	<u>\$11,626,135</u>	<u>\$ 394,215</u>	<u>\$ 1,290</u>	<u>\$12,019,060</u>
 <u>Less</u> – Accumulated depreciation for:				
Buildings and improvements	\$ (284,559)	\$ 22,170	\$ -	\$ (306,729)
Landfill pit	(2,929,800)	30,501	-	(2,960,301)
Machinery and equipment	<u>(4,969,413)</u>	<u>630,940</u>	<u>1,290</u>	<u>(5,599,063)</u>
Total	<u>\$ (8,183,772)</u>	<u>\$ 683,611</u>	<u>\$ 1,290</u>	<u>\$ (8,866,093)</u>
Net Capital Assets	<u>\$ 3,442,363</u>	<u>\$ (289,396)</u>	<u>-</u>	<u>\$ 3,152,967</u>

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Capital Assets (Continued):

Governmental Activities

Capital assets and related depreciation have been recorded for all governmental activities. Public domain (infrastructure) capital assets consisting of roads and bridges are also capitalized and depreciated.

A summary of property, plant and equipment is as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
General Government Control:				
County Commissioners	\$ 55,076	\$ -	\$ -	\$ 55,076
County Administrator	49,599	6,187	2,913	52,873
Staff Agencies:				
County Clerk	352,572	1,276	-	353,848
County Appraiser	163,466	7,000	-	170,466
County Treasurer	131,365	-	-	131,365
County Attorney	168,520	4,293	-	172,813
District Court	427,693	12,819	-	440,512
Register of Deeds	84,884	5,597	-	90,481
Courthouse General	<u>7,942,342</u>	<u>153,963</u>	<u>-</u>	<u>8,096,305</u>
Total Government	\$ <u>9,375,517</u>	\$ <u>191,135</u>	\$ <u>2,913</u>	\$ <u>9,563,739</u>
Public Safety:				
Sheriff	\$ 1,729,941	\$ 206,136	\$ 46,791	\$ 1,889,286
Civil Defense	182,160	44,477	-	226,637
Fire Protection	1,904,817	19,225	1,970	1,922,072
Emergency Medical				
Service	1,054,648	2,351	3,000	1,053,999
911	585,970	53,845	-	639,815
Jail Facility	<u>6,920,962</u>	<u>80,509</u>	<u>-</u>	<u>7,001,471</u>
Total Public Safety	\$ <u>12,378,498</u>	\$ <u>406,543</u>	\$ <u>51,761</u>	\$ <u>12,733,280</u>

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Capital Assets (Continued):

Governmental Activities (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Other:				
Health – Mental Health	\$ 585,955	\$ -	-	\$ 585,955
Highways	53,805,343	232,481	-	54,037,824
Natural Resources –				
Noxious Weed	124,090	38,000	-	162,090
Exhibit Hall	1,966,950	-	-	1,966,950
Health	428,324	4,469	-	432,793
Planning and Zoning	18,716	-	-	18,716
Restlawn Cemetery	15,792	1,650	-	17,442
Activity Center	242,890	1,725	-	244,615
Fair Grounds	<u>430,672</u>	<u>-</u>	<u>-</u>	<u>430,672</u>
Total Other	<u>\$57,618,732</u>	<u>\$ 278,325</u>	<u>-</u>	<u>\$57,897,057</u>
 Total	 <u>\$79,372,747</u>	 <u>\$ 876,003</u>	 <u>\$ 54,674</u>	 <u>\$80,194,076</u>
 <u>Less</u> – Accumulated depreciation for:				
General Government Control:				
County Commissioners	\$ 42,076	\$ 4,333	\$ -	\$ 46,409
County Administrator	40,544	3,841	2,081	42,304
Staff Agencies:				
County Clerk	288,774	30,226	-	319,000
County Appraiser	137,283	10,484	-	147,767
County Treasurer	123,228	4,123	-	127,351
County Attorney	144,460	5,948	-	150,408
District Court	362,981	19,933	-	382,914
Register of Deeds	64,120	7,210	-	71,330
Courthouse General	<u>2,184,319</u>	<u>226,880</u>	<u>-</u>	<u>2,411,199</u>
Total Government	<u>\$ 3,387,785</u>	<u>\$ 312,978</u>	<u>\$ 2,081</u>	<u>\$ 3,698,682</u>

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Capital Assets (Continued):

Governmental Activities (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Less</u> – Accumulated depreciation for (Cont.):				
Public Safety:				
Sheriff	\$ 1,347,655	\$ 147,614	\$ 46,791	\$ 1,448,478
Civil Defense	159,717	10,680	-	170,397
Fire Protection	1,519,951	56,178	1,970	1,574,159
Emergency Medical Service	927,106	21,338	3,000	945,444
911	520,943	20,745	-	541,688
Jail Facility	<u>2,072,868</u>	<u>190,727</u>	<u>-</u>	<u>2,263,595</u>
Total Public Safety	<u>\$ 6,548,240</u>	<u>\$ 447,282</u>	<u>\$ 51,761</u>	<u>\$ 6,943,761</u>
Other:				
Health – Mental Health	\$ 402,666	\$ 20,843	-	\$ 423,509
Highways	50,478,732	1,130,725	-	51,609,457
Natural Resources – Noxious Weed	124,090	3,800	-	127,890
Exhibit Hall	958,263	50,435	-	1,008,698
Health	198,388	19,513	-	217,901
Planning and Zoning	16,733	515	-	17,248
Restlawn Cemetery	9,577	2,189	-	11,766
Activity Center	221,275	6,871	-	228,146
Fair Grounds	<u>401,590</u>	<u>4,785</u>	<u>-</u>	<u>406,375</u>
Total Other	<u>\$52,811,314</u>	<u>\$ 1,239,676</u>	<u>-</u>	<u>\$54,050,990</u>
Total	<u>\$62,747,339</u>	<u>\$ 1,999,936</u>	<u>\$ 53,842</u>	<u>\$64,693,433</u>
Net Capital Assets	<u>\$16,625,408</u>	<u>\$ (1,123,933)</u>	<u>\$ 832</u>	<u>\$15,500,643</u>

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Discretely Presented Component Unit

Activity of Southwest Medical Center is presented in Statements 1 and 2.

Operating and Capital Leases

On January 1, 2012, the County entered into an operating lease for land in Oklahoma for use by the landfill. It requires monthly payments of \$4,000 for five years, ending December 31, 2016. The County has the option to purchase the land for \$218,000 at the end of the lease. Due to the uncertainty as to whether the County will purchase the land at the end of the lease, the lease is being treated as an operating lease. Minimum future rent payments are as follows:

2013	\$ 48,000
2014	48,000
2015	48,000
2016	<u>48,000</u>
	<u>\$192,000</u>

Short-Term Debt

The following is a summary of short-term debt:

Beginning balance	-	
Increases	-	
Decreases	<u>-</u>	
Ending balance		<u><u>-</u></u>

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Long-Term Debt

Long-term debt of the discretely presented component unit consists of the following:

	<u>2012</u>	<u>2011</u>
2.0% to 5.0% General Obligation Hospital Refunding and Improvement Bonds, Series 2010-A; issued on May 27, 2010, in the original amount of \$17,670,000, due serially through August 1, 2040	\$16,455,000	\$16,630,000
Net unamortized premium (discount)	<u>430,379</u>	<u>455,941</u>
	\$16,885,379	\$17,085,941
<u>Less</u> – Current portion	<u>180,000</u>	<u>175,000</u>
	<u>\$16,705,379</u>	<u>\$16,910,941</u>

On May 27, 2010, the County issued \$17,670,000 in General Obligation Hospital Refunding and Improvement Bonds, Series 2010-A (the 2010-A bonds) on behalf of the Medical Center pursuant to a bond trust indenture dated May 1, 2010. The proceeds of the bonds were used, together with other available funds of the Medical Center, for the purpose of providing funds to (1) expand and renovate the Medical Center's existing facilities, (2) pay for the costs of certain items of equipment, (3) fund a debt service reserve fund, (4) pay certain costs related to issuance of the bonds, and (5) make the payment as scheduled on August 1, 2010, for principal and interest due then on the 2001-A bonds.

On November 1, 2010, the County engaged in a current refunding of the 2001-A bonds then outstanding by making an irrevocable deposit with a trustee of \$3,119,280 of available funds of the Medical Center. Those funds were used by the trustee to purchase direct obligations of the United States of America that will mature and pay interest in amounts and at times that will provide for payment of principal and interest on the 2001-A bonds through August 1, 2011, and to redeem and pay the 2001-A bonds remaining outstanding on that date at a redemption price of 100 percent. A loss on extinguishment of debt of \$137,399 was recognized in the 2010 financial statements because the acquisition cost of the extinguished debt was greater than the net carrying amount of that debt on the balance sheet.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Long-Term Debt (Continued)

The indenture agreements for the bonds require the Medical Center to transfer to a trustee, on a monthly basis, specified amounts which, when combined with interest earned on the respective funds held by the trustee, will provide sufficient funds to pay the bond principal and interest on the appropriate due dates. Such amounts were maintained and are included with assets limited as to use in the financial statements. The indenture agreements also include certain restrictive covenants relating to the acquisition and disposition of property, incurrence of additional indebtedness, and level of fees and rates charged.

Scheduled annual debt service requirements on long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 180,000	\$ 732,650	\$ 912,650
2014	355,000	729,050	1,084,050
2015	360,000	721,062	1,081,062
2016	370,000	712,062	1,082,062
2017	380,000	700,963	1,080,963
2018-2022	2,110,000	3,304,473	5,414,473
2023-2027	2,515,000	2,896,130	5,411,130
2028-2032	3,180,000	2,243,750	5,423,750
2033-2037	4,055,000	1,365,250	5,420,250
2038-2040	<u>2,950,000</u>	<u>299,750</u>	<u>3,249,750</u>
	<u>\$16,455,000</u>	<u>\$13,705,140</u>	<u>\$30,160,140</u>

The following is a summary of changes in long-term debt:

	<u>Amount</u>
Principal outstanding at January 1, 2011	\$16,800,000
Principal payments	<u>(170,000)</u>
Principal outstanding at January 1, 2012	\$16,630,000
Principal payments	<u>(175,000)</u>
Principal outstanding at December 31, 2012	<u>\$16,455,000</u>

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Long-Term Debt (Continued)

Total interest costs are summarized as follows:

	<u>2012</u>	<u>2011</u>
Total interest incurred	\$ 734,704	\$ 738,146
Amortization of deferred financing costs, deferred refunding loss, and bond premium and discount	<u>(7,391)</u>	<u>(7,448)</u>
Interest expense	\$ 727,313	\$ 730,698
<u>Less</u> – Interest earned on borrowed funds offset against capitalized interest costs	(301)	(1,284)
Net capitalized interest costs	<u>(438,031)</u>	<u>(526,870)</u>
Interest expense	\$ <u>288,981</u>	\$ <u>202,544</u>

Governmental Activities

The governmental activities currently have no long-term debt.

Business-Type Activities

Landfill Debt

On March 18, 2008, a lease purchase in the amount of \$146,000, with an interest rate of 4.32%, was acquired.

On November 25, 2008, a lease purchase in the amount of \$224,800, with an interest rate of 4.29%, was acquired.

On September 1, 2010, a lease purchase in the amount of \$175,559, with an interest rate of 4.25% was acquired.

On August 15, 2011, a lease purchase in the amount of \$630,000, with an interest rate of 4.25% was acquired.

On May 21, 2012, a lease purchase in the amount of \$269,700, with an interest rate of 4.22% was acquired.



SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Business-Type Activities (Continued)

Landfill Debt (Continued)

Balance of principal remaining at December 31, 2012:

<u>Fund</u>	<u>Amount</u>	<u>Interest Rate</u>
Landfill – Equipment	\$ 7,909	4.32%
Landfill – Equipment	44,740	4.29%
Landfill – Equipment	100,779	4.25%
Landfill – Equipment	474,045	4.25%
Landfill – Equipment	<u>232,705</u>	4.22%
Total	<u>\$860,178</u>	

Detail of scheduled payments by year including interest of \$64,414:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$275,174	\$ 30,930	\$306,104
2014	232,150	20,407	252,557
2015	232,029	10,712	242,741
2016	<u>120,825</u>	<u>2,365</u>	<u>123,190</u>
Total	<u>\$860,178</u>	<u>\$ 64,414</u>	<u>\$924,592</u>

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Business-Type Activities (Continued)

Landfill Debt (Continued)

The following is a summary of changes in long-term debt:

	<u>Amount</u>
Principal outstanding at January 1, 2011	\$ 613,214
Issuance of long-term debt	630,000
Principal payments	<u>(310,134)</u>
Principal outstanding at January 1, 2012	\$ 933,080
Issuance of long-term debt	269,700
Principal payments	<u>(342,602)</u>
Principal outstanding at December 31, 2012	<u>\$ 860,178</u>

Closure and Postclosure Care Cost

Primary government is included in this classification of an original closure and postclosure cost of \$5,560,517. State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,279,169 reported as landfill closure and postclosure care liability at December 31, 2012 represents the cumulative amount reported to date. The County will recognize the remaining postclosure costs of \$3,281,348 over the next 30 years. These amounts are based on what it would cost to perform all closure and postclosure care in 2012. Actual cost may be higher due to inflation, changes in technology or changes in regulations. The percentage of landfill capacity used to date is 40 percent. The estimated remaining landfill life is 25 years.

As of December 31, 2012, there was \$1,993,166 set aside to finance closure and postclosure costs. A tipping fee set aside was approved.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 3: OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan Description

Seward County participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The employer rate established for calendar year 2012 was 7.34%. Seward County's employer contributions to KPERS for the years ending December 31, 2012, 2011 and 2010 were \$468,166, \$454,790 and \$414,401, respectively, equal to the required contributions for each year. Seward County's employer contributions to KP&F for the years ending December 31, 2012, 2011 and 2010 were \$210,045, \$186,957 and \$173,459, respectively, equal to the required contributions for each year.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 3: OTHER INFORMATION (Continued)

B. Salary Reduction Plan

Seward County has adopted a 457 elective salary reduction plan with ING Financial Services for employees' retirement. The plan transactions for the year ended December 31, 2012 are as follows:

Beginning balance	\$320,435
Contributions	26,235
Withdrawals	(23,870)
Change in value	<u>46,682</u>
Ending balance	<u>\$369,482</u>

C. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

D. Federal Assistance

Seward County participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives for audits of these programs for or including the year ending December 31, 2012.

It is possible that the County's compliance with applicable grant agreements may be established at some future date. The amount of expenditures which may be disallowed by the grantor agencies cannot be determined at this date, although the County expects such amounts, if any, to be immaterial.

E. Environmental Issues

Environmental issues pertaining to Seward County are subject to state and federal requirements. The amount of expenditures required, if any, is not presently ascertainable.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2012

(Continued)

Note 3: OTHER INFORMATION (Continued)

F. Contingencies – Self-Insured Health Insurance

Seward County has entered into an agreement with Blue Cross/Blue Shield of Kansas in which the County self insures claims to an individual stop loss of \$75,000. There is no aggregate stop loss on the contract.

G. Interfund Eliminations

There were no interfund eliminations made.

H. Compliance and Propriety Matters – Seward County

1. Contrary to the provisions of K.S.A. 10-1117 and 79-2934, the required budget and encumbrance records were not properly maintained by the County Clerk.
2. Contrary to the provisions of K.S.A. 19-312, the County Clerk did not maintain an account of charges and credits on the current year tax roll abstract showing the treasurer's accountability.
3. Contrary to the provisions of K.S.A. 32-984, the County Clerk did not remit daily to the County Treasurer game license fees.
4. Contrary to the provisions of K.S.A. 79-3104, the County Register of Deeds did not remit daily to the County Treasurer mortgage registration fees and heritage trust fund fees.

The above noncompliance matters have been discussed with various County officials.

I. Subsequent Events

Seward County's management has evaluated events and transactions through September 18, 2013, the date which the financial statements were available to be issued.

SEWARD COUNTY, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2012

## SEWARD COUNTY, KANSAS

Schedule 1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

For the year ended December 31, 2012

<u>Revenue</u>	<u>Original &amp; Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Taxes:			
Ad valorem property tax	\$8,695,805	\$8,303,562	\$ (392,243)
Delinquent tax	50,000	176,092	126,092
Motor vehicle tax	584,230	617,425	33,195
Mineral tax	140,000	130,047	(9,953)
Interest on delinquent taxes	<u>110,000</u>	<u>85,485</u>	<u>(24,515)</u>
Total taxes	<u>\$9,580,035</u>	<u>\$9,312,611</u>	<u>\$ (267,424)</u>
Intergovernmental:			
Private club liquor tax	\$ 3,200	\$ 4,340	\$ 1,140
Proration – Clerk of District Court	14,500	-	(14,500)
Local sales tax	1,650,000	1,793,434	143,434
Health initiatives	650,000	836,843	186,843
Civil Defense	<u>-</u>	<u>57,374</u>	<u>57,374</u>
Total intergovernmental	<u>\$2,317,700</u>	<u>\$2,691,991</u>	<u>\$ 374,291</u>
Charges for Sales & Services:			
Sale of cemetery lots and fees	\$ 16,000	\$ 24,397	\$ 8,397
Chemical sales	85,000	45,838	(39,162)
Emergency Medical Service	300,000	303,739	3,739
Jail Board	<u>80,000</u>	<u>83,440</u>	<u>3,440</u>
Total charges for sales and services	<u>\$ 481,000</u>	<u>\$ 457,414</u>	<u>\$ (23,586)</u>
Licenses, Permits and Fees:			
Fees	\$ -	\$ 125,063	\$ 125,063
Mortgage registration fees	125,000	189,969	64,969
Officers' fees	-	98,278	98,278
Tonnage fees	<u>110,000</u>	<u>164,606</u>	<u>54,606</u>
Total licenses, permits and fees	<u>\$ 235,000</u>	<u>\$ 577,916</u>	<u>\$ 342,916</u>
Use of Money and Property:			
Interest on time deposits	\$ 135,000	\$ 108,759	\$ (26,241)
Rentals and royalties	<u>115,000</u>	<u>86,852</u>	<u>(28,148)</u>
Total use of money and property	<u>\$ 250,000</u>	<u>\$ 195,611</u>	<u>\$ (54,389)</u>

## SEWARD COUNTY, KANSAS

Schedule 1  
(Continued)SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

For the year ended December 31, 2012

	<u>Original &amp; Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>Revenue (Continued)</u>			
Other:			
Miscellaneous	\$ <u>231,650</u>	\$ <u>34,253</u>	\$ <u>(197,397)</u>
Total revenue	\$ <u>13,095,385</u>	\$ <u>13,269,796</u>	\$ <u>174,411</u>
<u>Expenditures</u>			
General Government:			
County Administration	\$ 133,400	\$ 84,338	\$ 49,062
County Commissioners	95,607	91,208	4,399
County Counselor	80,000	50,979	29,021
County Clerk	131,590	127,748	3,842
County Treasurer	197,000	213,137	(16,137)
County Attorney	607,000	720,339	(113,339)
Planning Board	109,350	89,758	19,592
Register of Deeds	153,413	110,491	42,922
Clerk of District Court	392,470	367,022	25,448
Courthouse General	1,044,683	1,028,054	16,629
Information Technology	372,213	293,796	78,417
GIS	62,060	56,667	5,393
Election	75,371	70,737	4,634
County Appraiser	293,720	280,595	13,125
Human Resources	112,193	101,128	11,065
Reserve for claim	500,000	125,024	374,976
Total general government	\$ <u>4,360,070</u>	\$ <u>3,811,021</u>	\$ <u>549,049</u>
Public Safety:			
Sheriff	\$ 1,207,609	\$ 1,101,410	\$ 106,199
Emergency Preparedness	102,792	99,706	3,086
Jail	1,543,861	1,224,785	319,076
Communications	293,400	269,400	24,000
Civil Defense	-	118,521	(118,521)
Juvenile Detention	300,000	226,756	73,244
Total public safety	\$ <u>3,447,662</u>	\$ <u>3,040,578</u>	\$ <u>407,084</u>



## SEWARD COUNTY, KANSAS

Schedule 1  
(Continued)SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

For the year ended December 31, 2012

	<u>Original &amp; Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>Expenditures (Continued)</u>			
Natural Resources:			
Noxious Weed	\$ 195,198	\$ 165,377	\$ 29,821
Soil Conservation	41,704	41,704	-
County Extension	140,700	140,700	-
Total natural resources	<u>\$ 377,602</u>	<u>\$ 347,781</u>	<u>\$ 29,821</u>
Employees' Benefits:			
Health insurance	\$ 1,305,000	\$ 1,371,528	\$ (66,528)
Employer costs	1,592,400	1,336,989	255,411
Total employees' benefits	<u>\$ 2,897,400</u>	<u>\$ 2,708,517</u>	<u>\$ 188,883</u>
Health and Sanitation:			
Emergency Medical Service	\$ 726,000	\$ 648,130	\$ 77,870
Coroner	42,100	27,313	14,787
Mental Health	71,703	71,703	-
Developmental Disabled	141,950	141,950	-
Cemetery	55,000	50,929	4,071
Total health and sanitation	<u>\$ 1,036,753</u>	<u>\$ 940,025</u>	<u>\$ 96,728</u>
Social Services:			
Adolescent support	\$ 270,985	\$ 270,985	-
SKADAF	52,700	52,700	-
Veterans	13,321	13,321	-
Total social services	<u>\$ 337,006</u>	<u>\$ 337,006</u>	<u>-</u>
Culture and Recreation:			
Council on Aging	\$ 282,936	\$ 282,936	\$ -
Historical Museum	80,000	80,000	-
Fair	42,500	42,500	-
Activity Center	247,853	228,102	19,751
Economic Development	1,000	1,000	-
Total culture and recreation	<u>\$ 654,289</u>	<u>\$ 634,538</u>	<u>\$ 19,751</u>

## SEWARD COUNTY, KANSAS

Schedule 1  
(Continued)SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

For the year ended December 31, 2012

	<u>Original &amp; Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>Expenditures</u> (Continued)			
Other:			
Employee Committee	\$ <u>10,866</u>	\$ <u>10,257</u>	\$ <u>609</u>
Total expenditures	\$ <u>13,121,648</u>	\$ <u>11,829,723</u>	\$ <u>1,291,925</u>
Transfers:			
Equipment	\$ <u>450,000</u>	\$ <u>450,000</u>	<u>-</u>
Net Change in Fund Balances	\$ (476,263)	\$ 990,073	\$1,466,336
Fund Balances, Beginning	476,263	1,762,078	1,285,815
Other Changes:			
Increase or (Decrease) in Reserves:			
Other receivables	-	(23,267)	(23,267)
Restricted assets	-	(6,376)	(6,376)
Inventory	-	19,017	19,017
Encumbrances	<u>-</u>	<u>6,692</u>	<u>6,692</u>
Fund Balances, Ending	<u>-</u>	\$ <u>2,748,217</u>	\$ <u>2,748,217</u>

SEWARD COUNTY, KANSAS

OTHER SUPPLEMENTARY INFORMATION

December 31, 2012

## SEWARD COUNTY, KANSAS

Schedule 2

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2012

	<u>Rural Fire</u>	<u>County Building</u>	<u>Special Park &amp; Recreation</u>	<u>Special Alcoholic Treatment</u>	<u>Health Special Services</u>	<u>County Attorney Diversion</u>	<u>911 Telephone System</u>
<b>ASSETS</b>							
Cash, including time deposits	\$164,944	\$507,573	\$ 2,470	\$ 2,470	\$606,382	\$ 48,860	\$582,024
Accounts receivable	-	-	-	-	95,464	-	-
Taxes receivable	<u>554,358</u>	<u>300,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$719,302</u>	<u>\$807,631</u>	<u>\$ 2,470</u>	<u>\$ 2,470</u>	<u>\$701,846</u>	<u>\$ 48,860</u>	<u>\$582,024</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<u>Liabilities</u>							
Accounts payable	\$ 19,481	\$ 21,833	-	-	\$ 16,061	\$ 1,323	\$ 2,057
Accrued wages and benefits	4,280	-	-	-	27,711	346	-
Deferred revenue	<u>554,358</u>	<u>300,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$578,119</u>	<u>\$321,891</u>	<u>-</u>	<u>-</u>	<u>\$ 43,772</u>	<u>\$ 1,669</u>	<u>\$ 2,057</u>
<u>Fund Balances</u>							
Nonspendable – Receivables	\$ -	\$ -	\$ -	\$ -	\$ 95,464	\$ -	\$ -
Assigned	<u>141,183</u>	<u>485,740</u>	<u>2,470</u>	<u>2,470</u>	<u>562,610</u>	<u>47,191</u>	<u>579,967</u>
Total fund balances	<u>\$141,183</u>	<u>\$485,740</u>	<u>\$ 2,470</u>	<u>\$ 2,470</u>	<u>\$658,074</u>	<u>\$ 47,191</u>	<u>\$579,967</u>
Total Liabilities and Fund Balances	<u>\$719,302</u>	<u>\$807,631</u>	<u>\$ 2,470</u>	<u>\$ 2,470</u>	<u>\$701,846</u>	<u>\$ 48,860</u>	<u>\$582,024</u>

## SEWARD COUNTY, KANSAS

Schedule 2  
(Continued)COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2012

	<u>Capital Equipment Reserve</u>	<u>Rural Fire Equipment</u>	<u>Special Highway Improvement</u>	<u>Noxious Weed Equipment</u>	<u>Road &amp; Bridge</u>	<u>Road Machinery</u>	<u>Total Nonmajor Special Revenue</u>
<b>ASSETS</b>							
Cash, including time deposits	\$713,024	\$572,704	\$978,922	\$ 9,935	\$ 227,510	\$817,062	\$5,233,880
Accounts receivable	-	-	-	-	-	-	95,464
Taxes receivable	-	-	-	-	1,366,163	-	2,220,579
Total Assets	<u>\$713,024</u>	<u>\$572,704</u>	<u>\$978,922</u>	<u>\$ 9,935</u>	<u>\$1,593,673</u>	<u>\$817,062</u>	<u>\$7,549,923</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<u>Liabilities</u>							
Accounts payable	\$ 7,276	-	-	-	\$ 29,947	-	\$ 97,978
Accrued wages and benefits	-	-	-	-	25,024	-	57,361
Deferred revenue	-	-	-	-	1,366,163	-	2,220,579
Total liabilities	<u>\$ 7,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$1,421,134</u>	<u>-</u>	<u>\$2,375,918</u>
<u>Fund Balances</u>							
Nonspendable – Receivables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,464
Assigned	705,748	572,704	978,922	9,935	172,539	817,062	5,078,541
Total fund balances	<u>\$705,748</u>	<u>\$572,704</u>	<u>\$978,922</u>	<u>\$ 9,935</u>	<u>\$ 172,539</u>	<u>\$817,062</u>	<u>\$5,174,005</u>
Total Liabilities and Fund Balances	<u>\$713,024</u>	<u>\$572,704</u>	<u>\$978,922</u>	<u>\$ 9,935</u>	<u>\$1,593,673</u>	<u>\$817,062</u>	<u>\$7,549,923</u>

## SEWARD COUNTY, KANSAS

Schedule 3

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS

For the year ended December 31, 2012

	<u>Rural</u> <u>Fire</u>	<u>County</u> <u>Building</u>	<u>Special</u> <u>Park &amp;</u> <u>Recreation</u>	<u>Special</u> <u>Alcoholic</u> <u>Treatment</u>	<u>Health</u> <u>Special</u> <u>Services</u>	<u>County</u> <u>Attorney</u> <u>Diversion</u>	<u>911</u> <u>Telephone</u> <u>System</u>
<u>Revenues</u>							
Taxes	\$ 470,501	\$298,245	\$ 4,340	\$ 4,340	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	807,106	27,415	252,083
Charges for services	-	-	-	-	182,795	-	85,122
Other	<u>-</u>	<u>29,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$ 470,501</u>	<u>\$328,225</u>	<u>\$ 4,340</u>	<u>\$ 4,340</u>	<u>\$989,901</u>	<u>\$ 27,415</u>	<u>\$337,205</u>
<u>Expenditures</u>							
General government	\$ -	\$197,591	\$ -	\$ -	\$ -	\$ 63,235	\$ -
Public safety	306,777	-	-	-	-	-	29,652
Natural resources	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	979,483	-	-
Culture and recreation	-	-	3,500	3,500	-	-	-
Transportation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 306,777</u>	<u>\$197,591</u>	<u>\$ 3,500</u>	<u>\$ 3,500</u>	<u>\$979,483</u>	<u>\$ 63,235</u>	<u>\$ 29,652</u>
Revenue over (under) expenditures	\$ 163,724	\$130,634	\$ 840	\$ 840	\$ 10,418	\$ (35,820)	\$307,553
Fund Balances, January 1	107,459	355,106	1,630	1,630	673,329	83,011	272,994
Operating transfers	(130,000)	-	-	-	-	-	-
Other Changes:							
Increase or (decrease) in reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,673)</u>	<u>-</u>	<u>(580)</u>
Fund Balances, December 31	<u>\$ 141,183</u>	<u>\$485,740</u>	<u>\$ 2,470</u>	<u>\$ 2,470</u>	<u>\$658,074</u>	<u>\$ 47,191</u>	<u>\$579,967</u>

## SEWARD COUNTY, KANSAS

Schedule 3  
(Continued)COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS

For the year ended December 31, 2012

	<u>Capital Equipment Reserve</u>	<u>Rural Fire Equipment</u>	<u>Special Highway Improvement</u>	<u>Noxious Weed Equipment</u>	<u>Road &amp; Bridge</u>	<u>Road Machinery</u>	<u>Total Nonmajor Special Revenue</u>
<u>Revenues</u>							
Taxes	\$ 12	-	-	-	\$1,552,228	-	\$2,329,666
Intergovernmental	-	-	-	-	-	-	1,086,604
Charges for services	-	-	-	-	-	-	267,917
Other	-	-	-	-	-	-	29,980
Total revenues	\$ 12	-	-	-	\$1,552,228	-	\$3,714,167
<u>Expenditures</u>							
General government	\$ 197,510	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 458,336
Public safety	-	15,383	-	-	-	-	351,812
Natural resources	-	-	-	32,221	-	-	32,221
Health and sanitation	-	-	-	-	-	-	979,483
Culture and recreation	-	-	-	-	-	-	7,000
Transportation	-	-	10,530	-	1,640,156	177,026	1,827,712
Total expenditures	\$ 197,510	\$ 15,383	\$ 10,530	\$ 32,221	\$1,640,156	\$ 177,026	\$3,656,564
Revenue over (under) expenditures	\$ (197,498)	\$ (15,383)	\$ (10,530)	\$ (32,221)	\$ (87,928)	\$ (177,026)	\$ 57,603
Fund Balances, January 1	453,246	458,087	839,452	42,156	560,467	829,543	4,678,110
Operating transfers	450,000	130,000	150,000	-	(300,000)	150,000	450,000
Other Changes:							
Increase or (decrease) in reserves	-	-	-	-	-	14,545	(11,708)
Fund Balances, December 31	\$ 705,748	\$572,704	\$978,922	\$ 9,935	\$ 172,539	\$ 817,062	\$5,174,005

## SEWARD COUNTY, KANSAS

Schedule 4-1

RURAL FIRE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
For the year ended December 31, 2012

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>			
Taxes:			
Ad valorem property tax	\$ 465,060	\$ 450,229	\$ (14,831)
Delinquent tax	2,500	6,592	4,092
Motor vehicle tax	10,346	12,304	1,958
Payment in lieu of taxes	<u>-</u>	<u>1,376</u>	<u>1,376</u>
Total revenue	\$ <u>477,906</u>	\$ <u>470,501</u>	\$ <u>(7,405)</u>
<u>Expenditures</u>			
Public Safety – Fire Protection:			
Personal services	\$ 139,121	\$ 130,111	\$ 9,010
Contractual services	140,050	131,786	8,264
Commodities	30,600	31,291	(691)
Capital outlay	<u>7,350</u>	<u>13,589</u>	<u>(6,239)</u>
Total expenditures	\$ <u>317,121</u>	\$ <u>306,777</u>	\$ <u>10,344</u>
Revenue over (under) expenditures	\$ 160,785	\$ 163,724	\$ 2,939
Other Financing Sources (Uses):			
Operating transfers (out)	(280,000)	(130,000)	150,000
Fund Balances, Beginning	<u>-</u>	<u>107,459</u>	<u>107,459</u>
Fund Balances, Ending	\$ <u>(119,215)</u>	\$ <u>141,183</u>	\$ <u>260,398</u>



## SEWARD COUNTY, KANSAS

Schedule 4-2

COUNTY BUILDING FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
For the year ended December 31, 2012

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>			
Taxes:			
Ad valorem property tax	\$ 282,476	\$269,405	\$ (13,071)
Delinquent tax	2,500	6,267	3,767
Motor vehicle tax	<u>19,859</u>	<u>22,072</u>	<u>2,213</u>
Total taxes	\$ <u>304,835</u>	\$ <u>297,744</u>	\$ <u>(7,091)</u>
Other:			
Payments in lieu of taxes	\$ -	\$ 501	\$ 501
Rent	25,200	25,200	-
Miscellaneous	<u>-</u>	<u>4,780</u>	<u>4,780</u>
Total other	\$ <u>25,200</u>	\$ <u>30,481</u>	\$ <u>5,281</u>
Total revenue	\$ 330,035	\$328,225	\$ (1,810)
<u>Expenditures</u>			
General Government:			
Contractual services	<u>496,700</u>	<u>197,591</u>	<u>299,109</u>
Revenue over (under) expenditures	\$ (166,665)	\$130,634	\$297,299
Fund Balances, Beginning	<u>166,665</u>	<u>355,106</u>	<u>188,441</u>
Fund Balances, Ending	<u>-</u>	<u>\$485,740</u>	<u>\$485,740</u>

SEWARD COUNTY, KANSAS

Schedule 4-3

HEALTH – SPECIAL SERVICES FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
 For the year ended December 31, 2012

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>			
Intergovernmental:			
Sales tax	\$ 360,000	\$360,000	\$ -
Federal and state grants	405,000	447,106	42,106
Charges for sales and services	<u>155,000</u>	<u>182,795</u>	<u>27,795</u>
Total revenue	\$ <u>920,000</u>	\$ <u>989,901</u>	\$ <u>69,901</u>
<u>Expenditures</u>			
Health:			
Personal services	\$ 712,000	\$650,767	\$ 61,233
Contractual services	184,000	296,757	(112,757)
Commodities	160,000	25,286	134,714
Capital outlay	<u>6,000</u>	<u>4,540</u>	<u>1,460</u>
Total expenditures	\$ <u>1,062,000</u>	\$ <u>977,350</u>	\$ <u>84,650</u>
Revenue over (under) expenditures	\$ (142,000)	\$ 12,551	\$ 154,551
Fund Balances, Beginning	142,000	576,685	434,685
Other Changes:			
Increase or (Decrease) in Reserves	<u>-</u>	<u>(27,806)</u>	<u>(27,806)</u>
Fund Balances, Ending	<u>-</u>	\$ <u>561,430</u>	\$ <u>561,430</u>

SEWARD COUNTY, KANSAS

Schedule 4-4

COUNTY ATTORNEY DIVERSION FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
For the year ended December 31, 2012

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>			
Intergovernmental:			
Diversion fees	\$ <u>70,000</u>	\$ <u>27,415</u>	\$ <u>(42,585)</u>
<u>Expenditures</u>			
General Government:			
Personal services	\$ 8,395	\$ 7,932	\$ 463
Contractual services	28,000	55,303	(27,303)
Commodities	6,500	-	6,500
Capital outlay	<u>143,000</u>	<u>-</u>	<u>143,000</u>
Total expenditures	\$ <u>185,895</u>	\$ <u>63,235</u>	\$ <u>122,660</u>
Revenue over (under) expenditures	\$ (115,895)	\$ (35,820)	\$ 80,075
Fund Balances, Beginning	<u>115,895</u>	<u>83,011</u>	<u>(32,884)</u>
Fund Balances, Ending	<u>-</u>	\$ <u>47,191</u>	\$ <u>47,191</u>

SEWARD COUNTY, KANSAS

Schedule 4-5

CAPITAL EQUIPMENT RESERVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
For the year ended December 31, 2012

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>			
Taxes:			
Delinquent tax	\$ -	\$ 12	\$ 12
Other:			
Transfers – General Fund	<u>450,000</u>	<u>450,000</u>	<u>-</u>
Total revenue	\$ 450,000	\$450,012	\$ 12
<u>Expenditures</u>			
General Government:			
Capital outlay	<u>750,000</u>	<u>197,510</u>	<u>552,490</u>
Revenue over (under) expenditures	\$ (300,000)	\$252,502	\$552,502
Fund Balances, Beginning	<u>300,000</u>	<u>453,246</u>	<u>153,246</u>
Fund Balances, Ending	<u>-</u>	<u>\$705,748</u>	<u>\$705,748</u>

## SEWARD COUNTY, KANSAS

Schedule 4-6

ROAD AND BRIDGE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
 For the year ended December 31, 2012

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>			
Taxes:			
Ad valorem property tax	\$ 873,579	\$ 831,347	\$ (42,232)
Delinquent tax	12,500	21,523	9,023
Motor vehicle tax	65,162	77,364	12,202
State of Kansas – Gas tax	617,000	620,448	3,448
County equalization	25,000	-	(25,000)
Payment in lieu of taxes	<u>-</u>	<u>1,546</u>	<u>1,546</u>
Total revenue	<u>\$1,593,241</u>	<u>\$1,552,228</u>	<u>\$ (41,013)</u>
<u>Expenditures</u>			
Transportation:			
Personal services	\$ 640,000	\$ 597,725	\$ 42,275
Contractual services	180,000	87,549	92,451
Commodities	885,000	954,882	(69,882)
Transfers – Special Highway and Equipment Funds	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Total expenditures	<u>\$2,005,000</u>	<u>\$1,940,156</u>	<u>\$ 64,844</u>
Revenue over (under) expenditures	\$ (411,759)	\$ (387,928)	\$ 23,831
Fund Balances, Beginning	<u>411,759</u>	<u>560,467</u>	<u>148,708</u>
Fund Balances, Ending	<u>-</u>	<u>\$ 172,539</u>	<u>\$172,539</u>

SEWARD COUNTY, KANSAS

Schedule 4-7

SPECIAL PARK FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
For the year ended December 31, 2012

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>			
State of Kansas	\$ 3,500	\$ 4,340	\$ 840
<u>Expenditures</u>			
Public Safety:			
Contractual services	<u>3,500</u>	<u>3,500</u>	<u>-</u>
Revenue over (under) expenditures	-	\$ 840	\$ 840
Fund Balances, Beginning	<u>-</u>	<u>1,630</u>	<u>1,630</u>
Fund Balances, Ending	<u>-</u>	\$ <u>2,470</u>	\$ <u>2,470</u>

SEWARD COUNTY, KANSAS

Schedule 4-8

SPECIAL ALCOHOLIC TREATMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
 For the year ended December 31, 2012

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>			
State of Kansas	\$ 3,500	\$ 4,340	\$ 840
<u>Expenditures</u>			
Public Safety:			
Contractual services	<u>3,500</u>	<u>3,500</u>	<u>-</u>
Revenue over (under) expenditures	-	\$ 840	\$ 840
Fund Balances, Beginning	<u>-</u>	<u>1,630</u>	<u>1,630</u>
Fund Balances, Ending	<u>-</u>	\$ <u>2,470</u>	\$ <u>2,470</u>

SEWARD COUNTY, KANSAS

Schedule 4-9

911 TELEPHONE SYSTEM FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
For the year ended December 31, 2012

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>			
Charges for Services:			
911 tax	\$ <u>120,000</u>	\$ <u>85,122</u>	\$ <u>(34,878)</u>
<u>Expenditures</u>			
Public Safety:			
Contractual services	\$ -	\$ 22,364	\$ (22,364)
Capital outlay	<u>520,000</u>	<u>7,288</u>	<u>512,712</u>
Total expenditures	\$ <u>520,000</u>	\$ <u>29,652</u>	\$ <u>490,348</u>
Revenue over (under) expenditures	\$ (400,000)	\$ 55,470	\$ 455,470
Fund Balances, Beginning	400,000	260,398	(139,602)
Other Changes:			
Increase or (Decrease) in Reserves	<u>-</u>	<u>(580)</u>	<u>(580)</u>
Fund Balances, Ending	<u>-</u>	<u>\$315,288</u>	<u>\$ 315,288</u>